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# FINANCIAL TIMES

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**INVESTORS**  
Lloyds: How the  
underwriters  
perform

**LAKER AIRWAYS**  
The rise and fall of Sir Freddie  
Laker's airline

**TRAVEL**  
Patty Hearst  
reviewed  
by  
Rachel  
Billington

**Luxury  
train journeys  
of the world.**

## NEWS SUMMARY

### GENERAL

**Schmidt**  
wins  
vote of  
support

West German Chancellor Helmut Schmidt won a unanimous vote of confidence from his left-liberal coalition after months of wrangling which threatened to undermine his authority.

In a Bundestag vote all 249 Social Democrats and Free Democrats expressed confidence in him. All 226 Christian Democrats and Christian Social Union members, the opposition parties, voted against. Back Page

### Stance on MSC

TUC nominees on the Manpower Services Commission say they will fight any attempts by new chairman David Young to cut MSC services. Page 3; Man in the News, Back Page.

### Suicide queried

Parents of Dr Neil Aggett, who died while detained by police under South Africa's anti-terrorism laws, could not accept that he committed suicide. Page 2.

### Missile claim

West Germany said the Soviet Union's arrival of medium-range nuclear missiles was at an all-time high. There was no sign of Moscow stopping deployment of its 20s.

### Soviet expelled

U.S. said Major Vasily Chitov, Soviet military attache in Washington, was expelled for activities "inconsistent with his diplomatic status."

### KGB search

KGB officers searched the flat of Soviet dissident writer Georgy Vladimov and briefly detained his wife for questioning.

### Boyson's attack

Education Minister Dr Rhodes Boyson attacked the "permissive age" of the late sixties and said the Ten Commandments were still a god-given in life.

### Pyke stopover

British businessman Andrew Pyke, jailed for 17 months without trial in Iran, stopped in Athens on his way home.

### Toxteth denial

Merseyside Chief Constable Kenneth Oxford denied that Toxteth, Liverpool, was on the brink of riots.

### Refugees sheltered

Vietnamesed troops sheltered a refugee camp on the Thailand-Kampuchea border an hour before Foreign Secretary Lord Carrington arrived for a visit.

### All-male vote

Liechtenstein's 5,200 men vote tomorrow in elections to the 15-seat Parliament. Women are denied a vote.

### £70,000 bagged

A woman's handbag containing £70,000 was stolen at Waterloo Station, London. The woman told police the cash was from a property deal.

### Briefly . . .

London marathon attracted 60,000 applicants—over twice the expected number.

The Queen will spend today—the 30th anniversary of her accession—at Sandringham.

### CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

	RISES	FALLS
Exchgr 11½pc	86-290	+
Treas 15½pc	1996-2103	+
Amstrad	230-210	
Asda Fisheries	73-3	
BAT Inds	431-19	
Blundell-Pergmoglaze	118-11	
Bowater	237-9	
Davies Newman	90-20	
Fitch Lovell	84-4	
Haden	218-5	
Horizon Travel	332-12	
Intarsia	111-6	
Lec Refrigeration	240-10	
Lloyd (F. H.)	441-44	
Muirhead	104-4	
Saga Holidays	161-5	
Securicor A NV	222-10	
Smith St Aubyn	48-5	
Sound Diffusion	71-5	
Tozer Kemsley	73-4	
Yarrow	310-10	
De Beers Dd	359-9	
Hong Kong Tin	475-25	
Killinghall Tin	700-25	
Kinta Kellas	750-25	
Pengkalan	450-50	
Hay (Norman)	48-7	
UEM	56-4	
LASMO	350-14	

## CIVIL AVIATION AUTHORITY MAY REVOKE LICENCES OF FAILED AIRLINE



Ashley Ashwood

Grounded Laker aircraft at Gatwick yesterday

## Receivers to decide on fate of Laker within six days

BY MICHAEL DONNE AND ALAN FRIEDMAN

THE RECEIVERS appointed yesterday to take over the affairs of Laker Airways have been given six days to decide whether to keep the airline flying or shut it down completely.

Mr Bill Mackey and Mr Nigel Hamilton, partners of Ernst and Whinney, the chartered accountants, were appointed by the Clydesdale Bank yesterday morning after Laker Airways had decided to cease operations.

The Civil Aviation Authority, which governs the issue of all route licences to UK airlines, yesterday told Mr Mackey it intended to withdraw Laker's licences unless the receivers could show within six days that there was a good chance of the airline flying again.

Mr Mackey made it clear at a Press conference last night that he thought this was still a possibility. The Skyrain North Atlantic service was not likely to continue, he said.

The receivers, who are to have talks with Sir Freddie Laker today, had already received three inquiries from all.

1966: Laker Airways founded  
1977, January: Skyrain starts to New York

1980, March: \$225m Exim Bank loan

1981, January: Midland Bank-led syndicate signs \$131m Airbus procurement loan (three aircraft plus seven options)

1981, August: Laker seeks debt rescheduling

1981, November: British Airways, Pan Am, Trans World move against Laker by slashing fares on Atlantic run

1982, December: Laker survival package agreed in principle

1982, January: Laker severely hit by bad weather, rail strikes and low load factors

1982, February 2: Laker expresses optimism on recovery and future

1982, February 3: Civil Aviation Authority consults Midland Bank on Laker

1982, February 4: Crisis talks at Midland Bank

1982, February 5: Laker asks Clydesdale Bank for Receiver: Mr William Mackey and Mr Nigel Hamilton appointed.

British companies concerning the possible purchase of parts of the Laker business. It would take at least seven days, however, to make an assessment of the degree of interest in the business.

Mr Mackey explained: "This is not business that lasts long after the appointment of the receiver. I will sell it quickly or not at all."

The receivers, who are to have talks with Sir Freddie Laker today, had already received three inquiries from all.

If there is a buyer he will emerge in the next few days.

"The whole of the Laker enterprise has a question mark over it. The state of the air transport business does not inspire confidence that there will be many offers."

The Laker Airways' decision to call in a receiver and manager was taken early yesterday morning, after a board meeting at Laker's Gatwick,

Sussex, headquarters.

The full statement issued after the board meeting said:

"It was announced on December 24 1981 that agreement had been reached in principle on the restructuring of Laker's financial affairs with a view to securing its long term viability.

"On Monday night it was firmly believed that the most stringent of these conditions had been met and that the way forward was clear. However, on Wednesday events took a sudden and dramatic turn.

"Yesterday (Thursday), the facilities available to the company from its bank, Clydesdale and other arrangements reached with McDonnell Douglas are unhappy not considered adequate by others to meet the anticipated requirements of the company over the next few months, although Laker strongly disagrees with this view.

"However, as the holiday season approaches, Lakers are vitally concerned that there is no risk whatsoever that passengers are stranded as a result of the airline's collapse in the summer months.

Continued on Back Page

## Britons airlifted in thousands from holiday resorts

BY ARTHUR SANDLES

THOUSANDS OF British holidaymakers are being airlifted out of Mediterranean, Caribbean and American resorts this weekend as the travel industry's rescue system swings into action in the wake of the Laker collapse.

Tour operators, leaders called in about £5.2m from Sir Freddie's bankers, money which all tour operators have to lodge as guarantees against financial disaster. This "bond" cash will go in repayments to tour customers, and to Laker North Atlantic passengers who had not started their outward journeys.

First rescued were 127 Laker clients brought back to Gatwick from Malaga last night by the Thomson subsidiary Britannia Airways. More than 6,000 Laker tour and charter passengers are overseas.

Passengers holding non-tour or charter tickets are not bonded and in theory tickets are simply evidence of a claim against Laker.

Last night, however, many transatlantic airlines offered to honour these tickets despite the fact that they might prove to be of little value.

All the help and rescue efforts were insufficient to prevent tearful airport scenes as holiday planes were ruined for hundreds.

One Laker aircraft, leaving Manchester for Tenerife earlier in the morning before the receivership was announced, was turned back in mid-flight, presumably for fear that on arrival in Tenerife it would be impounded by local hoteliers and others seeking security for their debts against the airline.

Other passengers on an Airbus at Manchester were turned off minutes before the scheduled take-off time when the pilot was informed of the

Government may investigate. Page 3; Feature, Page 12; Lex, Back Page; Air Florida pilots "joked about ice," Page 2; SAS-Air France row settled, Page 2; Boeing lay-offs, Page 2; McDonnell Douglas quits joint project with Fokker, Back Page

## BNOC set to reduce North Sea oil prices

BY RAY DAFTER, ENERGY EDITOR

NORTH SEA oil prices are set to fall by \$1.50 a barrel to a new reference level of \$33 (£18.82). The move—made in the face of a collapsing spot market—will put pressure on members of the Organisation of Petroleum Exporting Countries (Opec) to reduce their official prices.

British National Oil Corporation, the leading trader of North Sea oil, is expected to announce across-the-board reductions in UK crude prices early next week, probably on Monday.

The cuts will reduce the Government's North Sea tax revenues by between £200m and £300m in a full year, although this loss would probably be partly offset by a consequent weakening of the pound against the dollar. Oil is priced in dollars.

The proposed reductions are being made in response to market forces which have already sent international product prices spiralling downwards. In the UK there is still no sign of an end to the petrol price war which, in the past month, has lowered the average price of petrol by over 10p a gallon.

Only three months ago BNOC raised the reference price of North Sea crude by \$1.50 a barrel to \$36.50. The State-owned corporation was hoping

to maintain this level, at least until the end of March when prices were due to be reviewed.

But within the past fortnight BNOC has come under increasing pressure from major oil companies—like British Petroleum, Shell and Esso—which have seen the spot price of North Sea crudes plummeting. With this in mind some companies have been urging BNOC to slash contract rates by as much as \$3 a barrel.

A combination of factors has led to the new oil pricing middle. In spite of the recent cold spell in Western Europe and the U.S. companies continue to hold large stocks of oil. Increasing output of non-OPEC countries, like the UK and Mexico, is swelling international supplies.

As a result of the likely BNOC move, some grades of high quality North Sea oil will be cheaper than much inferior grades produced in the Middle East.

Although all producers will be forced to reappraise their pricing stance in the light of the UK move, it will be the African producers of high grade oil which will have the most difficulty in defending their present price levels. Libya, for instance, is charging official prices of \$36.50-\$37 for crudes of similar quality to those produced in the UK.

	Feb. 4	previous
Spot	\$1.8780-8740	\$1.8630-8645
1-month	0.14-0.20 pm	0.16-0.20 pm
3-months	0.15-0.25 pm	0.16-0.25 pm
12-months	1.70-1.80 pm	1.80-1.90 pm

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## CONTENTS

Appointments	15	FT Actuaries	21	Property	6

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## OVERSEAS NEWS



BY BERNARD SIMON IN JOHANNESBURG

A PROMINENT South African trade unionist has died in police custody two months after being detained under the country's security laws. Dr Neil Aggett, Transvaal secretary of the African Food and Canning Workers' Union, the most influential trade union in the food industry, was found hanged in his cell at John Vorster Square, Johannesburg's police headquarters. According to the Commissioner of Police, Gen. Mike Geldenhuys, "everything indicates that he committed

suicide." Dr Aggett is the first white security detainee to die in custody. His death is bound to revive memories of the black consciousness leader, Steve Biko, who died in a Pretoria prison in 1977 after allegedly being tortured by police interrogators. Almost 50 people have died in police custody since 1966.

South Africa's stringent security laws allow for indefinite detention without trial. A Judicial Commission of Inquiry into

security legislation, whose report was published earlier this week, proposed that the system should be retained but with limited safeguards against the maltreatment of detainees.

The Minister of Police, Mr Louis le Grange, assured Parliament on Wednesday that

measures had been taken to prevent security detainees "harming themselves or committing suicide."

About 130 people are currently detained under security laws. No reason has been given

for their imprisonment, but Mr le Grange has indicated that the authorities are preparing a trial later this year in which a comparatively large number of accused will face charges of subversion and support for the banned African National Congress (ANC).

Parents of other detainees gathered outside John Vorster Square yesterday morning, demanding to see their children to ensure that they are still in good health.

Criticism of the wide powers

given to the authorities under security laws is gradually mounting in South Africa.

• Strikes and work stoppages

rose by 65 per cent in South Africa last year over the previous year, according to the Department of Manpower. A

total of 342 strikes, involving

93,000 workers (all of them black), were recorded in 1981.

The figures do not include

strikes, bans on overtime or

other increasingly prevalent

forms of worker pressure on

companies.

## Italy drops import deposit scheme

BY RUPERT CORNWELL IN ROME

AS NEW evidence emerged of a slowdown in Italy's inflation rate, the Rome Government announced the end of the controversial import deposit scheme it imposed last May—almost a month before the scheduled expiry date of

February 23. The measure, introduced to stem a huge trade and payments deficit, provided for the mandatory deposit of 30 per cent of the value of shipments by importers for a period of three months.

It was originally to last only until October, but the authorities then decided to phase it out gradually over the subsequent five months. Recently, the deposit required has been only 15 per cent.

The decision reflects a marked improvement in Italy's balance of payments. But it is also an attempt to put psychological pressure on Paris to drop its protectionist curbs on Italian wine imports, which Rome fears might be extended to other Italian goods.

Sig Nicola Capria, the Foreign Trade Minister, declared after yesterday's Cabinet meeting

## Poles see 10% fall in output

By Christopher Bobinski in Warsaw

POLAND'S planners have scaled down the country's expected economic performance in the first quarter of the year, according to the economic weekly *Zycie Gospodarcze*.

The latest issue of the appear reports that the drop in industrial production this quarter, compared with the same three months last year, will be between 10 and 11 per cent. Two weeks ago, the Planning Commission had estimated a drop of between 8 and 10 per cent.

More optimistically, the planners have now raised their estimate of the amount of meat the state will be buying from the farmers by 22,000 tonnes to 432,000 tonnes in the first quarter. The estimate for the second quarter has also gone up by 58,000 tonnes to 418,000 tonnes.

An extra 700,000 tonnes of oil is expected to be refined in the first quarter to bring the total amount refined up till March to 3.5m tonnes—1 per cent down on the same period last year.

In a sign that the authorities are placing the highest priority on coal production, additional amounts of scarce hard currency are being assigned to imports of machinery for the mines.

Plants producing mining machinery and equipment are to be switched to a six-day week. According to official figures, daily coal production is higher than last year.

This, taken with compulsory Saturday working, albeit at more than twice the normal pay rates, means that in theory, coal production this year could reach 186m tonnes, 23m tonnes more than in 1981.

However, the authorities have already admitted that the most important brake on production is not labour but shortages of equipment and spare parts.

On January 22, Gen Czeslaw Piotrowski, Mining Minister, told a parliamentary commission: "We must realistically take into account that the present rate of production will drop as early as February" as a result of these shortages. Thus the annual plan for coal has been set at between 170m and 175m tonnes, compared with 163m tonnes in 1981.

It is not clear how the latest decisions on hard currency and additional machinery will improve this situation.

• A military court has sentenced nine men to prison terms of between three and seven years for leading a strike at the Ziemowit mine in Silesia between December 15 and 24 last year. The strike was in protest against the introduction of martial law on December 13.

Another military court sentenced six Solidarity activists in north-western Poland to terms of between one year and four-and-a-half years for continuing union activity. The men were charged with setting up a strike committee for the Silesia region, presumably just after December 13.

In Gdansk, courts have fined and sent to prison 134 of those arrested during clashes with police there on January 30. The prison terms range from three months to one month.

David Satter reports from Moscow: The Communist Party newspaper *Pravda* yesterday suggested that the Polish Communist Party should take decisive action to build on the "stability" that martial law had given the country.

The newspaper said that martial law had re-established order in the streets and created the conditions for a normal working life, but strengthening of the foundations of the Polish state would require decisive and consistent action by the Polish party.

## Air Florida crash pilots 'joked about ice' before take-off

BY ANATOLE KALETSKY IN WASHINGTON

THE PILOTS of the Air Florida jet which crashed here last month, killing 78 people, joked about the build-up of ice on the wings of their own or other aircraft and appear to have carried out an unusual manoeuvre just before take-off to enable another aircraft's exhaust fumes to clear the ice off their wings.

Boeing said about half the cuts would be made through lay-offs, with the rest coming through natural wastage or transfers. About 2,000-3,000 of the job cuts will be made in the first half of this year.

The National Transportation Safety Board, which has released a transcript of the Air Florida Boeing 737's voice recorder tapes, has emphasised that no conclusions about the cause of the crash should be drawn until its investigation has been completed.

Boeing said about half the cuts would be made through lay-offs, with the rest coming through natural wastage or transfers. About 2,000-3,000 of the job cuts will be made in the first half of this year.

The pilot replied: "I got a little on mine." The co-pilot said: "A little . . . This one's got about a quarter to half an inch on all the way."

A few minutes later, the co-pilot said: "Boy, this is a losing battle on trying to de-ice those things. It gives you a false sense of security, that's all it is."

The pilot replied: "That satisfies the Feds." This may have been a reference to the Federal Aviation Administration regulation that aircraft must not take off with ice or snow on

the wings or fuselage.

Five minutes later, as the take-off began, the pilots commented that the runway was slushy. As the aircraft began to lift off the ground, the co-pilot said: "That doesn't seem right, does it? . . . That's not right." A few seconds later, the pilot was saying "Forward . . . forward . . . Just barely climb."

Five seconds later, the co-pilot exclaimed: "Larry, we're going down, Larry." The pilot replied: "I know it," and immediately, there was the sound of a crash.

An Air Florida official said yesterday that the pilot and co-pilot may have been referring to other aircraft when they were talking about ice accumulations.

The co-pilot "could not see the wings of his own plane, just the tips," the official said.

The National Transportation Safety Board said yesterday that it would be highly irregular for aircraft to pull up behind another one to remove ice from its body and also confirmed that the Air Florida crew had been asked to expedite their take-off because an incoming plane was in its final descent.

However, much more evidence

still has to be sifted and the final report is not likely to be drafted before April or May. An official decision on the crash will probably come only five or six months after the accident occurred.

## Boeing layoffs

Boeing, the largest U.S. aircraft manufacturer, yesterday said it will have to lay off a further 4,000-5,000 workers at its main Seattle production facilities this year, matching the lay-offs it was forced to make in 1981, our New York Staff report.

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## UK NEWS

Spending to create jobs has perils, says Brittan

By Max Wilkinson, Economic Correspondent

MR LEON BRITTON, Chief Secretary to the Treasury, yesterday emphasised the Government's determination to resist pressure for an increase in public spending to mop up unemployment.

In a speech in Guisborough, Cleveland, he described as "seditious" but "blown up" the idea that the jobless now cost the state so much that it would be as cheap to provide them with work.

Recent estimates suggested that the cost of unemployment to the Exchequer was £30 to £30 a head each week from benefits, lost taxes and lost national insurance contributions.

He added: "This has led some people to conclude that this is a sum of money available to the Government, which could be spent on useful jobs at no cost to public funds: an appealing prospect, but alas, illusory."

It was absurd to expect that a sum of money equivalent to the total cost of unemployment could be spent without severe consequences for inflation.

Even if the Government paid a wage of £30 a week to provide work for an unemployed person, it would only save £30 a week from tax and national insurance contributions. This was only a saving of £60, against £90 paid out in wages.

Although these were broad average figures, they indicated that jobs could only be created without the Government incurring additional costs if the net wage paid to people taken off the dole was less than £30 a week.

The only secure way to reduce unemployment, he said, was to tackle its root causes: loss of competitiveness of the economy, endemic inflation and the obstacles to growth.

## Counsel give ILEA case for spending

By Robin Pauley

MEMBERS of the Inner London Education Authority are relying on counsel's advice to them, as opposed to their own, to protect them from legal action against a planned budget of £80m and a 15 per cent rate increase in 1982-83.

ILEA's difficulties stem from the fact that the Government has set a target of £850m with £790m required to maintain present policies. ILEA, led by Labour left-wingers, plans new growth which would push this total to £820m.

Mr Alexander Irvine, QC, and Mr James Goudie have advised members that there is plainly evidence enabling them to argue that to avoid unacceptable injury to the education system, even a reduction to £735m would have to be substantially avoided. This is the amount ILEA needs to spend to meet a 7 per cent cut-the maximum requested by the Government, using ILEA's own inflation assumptions.

A decision that this figure is too low could be reached after giving all due weight to the consequences for ratepayers.

Government exhortations which are of no legislative status are but one important (not determinative) factor which ILEA must weigh in the balance," the advice says.

They add that if a thorough review by ILEA, related to costs to ratepayers, resulted in a decision that there were weighty educational reasons for not making savings, the decision could not be successfully challenged legally as unreasonable.

In an addendum they say that if ILEA acted in accordance with their advice, it would be acting in the belief that the expenditure was authorised by law and therefore its members would be free from risk of surcharge.

Sir Frank Layfield QC, advising ILEA officers, said the further from a budget of £735m ILEA moved, the greater the degree of risk.

## Vauxhall wins 11.8% market share

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THE MARKETING shake-up at Vauxhall, General Motors' subsidiary, is paying off. The company captured 11.8 per cent of the new car market in January.

It is the third month running that Vauxhall has won an 11 per cent share. Its generation for the whole of 1981 was only slightly over 7 per cent.

But the company has increased substantially its imports from GM plants in Belgium and West Germany to cope with the increased demand, mainly for its new front-wheel-drive Cavalier.

About 2,372 of the 13,524 Vauxhalls registered last month came from Belgium and a further 3,553 from West Germany or nearly 44 per cent of the

Vauxhall aims to maintain its market share above 11 per cent for the whole of 1982 and reach 16 per cent by 1985 with help from Opel, its sister company in West Germany. The two marques are now being sold through the same dealer network.

Vauxhall's advance seems to have been mainly at the expense of BL and Talbot. BL's market share in January fell to just over 14 per cent. The company

	UK CAR REGISTRATIONS			
	1982	%	January	1981
Total UK produced	45,978	49.23	64,024	47.04
Total imports	68,318	59.77	72,084	52.96
Total market	114,296	100.00	136,108	100.00
 Ford <sup>a</sup>	34,059	31.55	43,992	32.32
BL <sup>a</sup>	16,141	14.12	24,255	17.82
 General Motors				
Vauxhall <sup>a</sup>	12,542	11.84	8,217	6.04
Opel	1,351	1.20	2,073	1.52
Total GM	14,919	13.05	10,366	7.62
 Peugeot group				
Talbot <sup>a</sup>	3,509	3.07	6,965	5.11
Citroen	2,441	2.07	1,938	1.42
Peugeot	1,720	1.50	3,995	2.94
Total Peugeot	7,670	6.71	10,912	8.02
 VW-Audi	8,680	7.42	6,739	4.95
Renault	5,040	4.41	6,572	4.82
Volvo	4,551	3.98	3,995	2.94
Fiat-Lancia	3,306	2.89	5,492	4.04

<sup>a</sup> Includes cars from companies' Continental associates which are not included in the total UK figures. <sup>†</sup> Includes imports from all sources including cars from Continental associates of UK companies.

Source: Society of Motor Manufacturers and Traders

says that its sales campaign in who would otherwise have December pulled forward many waited until the new year. BL expected a 3 per cent purchases by private buyers

market share for the new Triumph Acclaim, made under licence from Honda of Japan, but has so far not achieved this. In January the Acclaim had a 2.49 per cent penetration.

The fall in Talbot's sales is serious but the company expects better things now that the Horizon is being assembled at Coventry—thus can be counted as "British"—and when the new small car, the Samba, is launched in March.

New car sales in January were hit by the bad weather and, at 114,296, 16 per cent lower than the same month last year. The importers' share increased from 52.9 to 59.77 per cent—near the record level but not quite as high as the 63 per cent recorded in August 1980 and 1981.

The figures are produced by the Society of Motor Manufacturers and Traders

January's top ten best-sellers were: 1. Ford Escort (12,912 sold) 2. Ford Cortina (12,600) 3. Vauxhall Cavalier (8,647) 4. Ford Fiesta (6,550) 5. Austin Metro (5,914) 6. Vauxhall Astra (3,894) 7. Triumph Acclaim (2,832) 8. VW Golf (2,811) 9. Volvo 300 Series (2,552) 10. Vauxhall Chevette (2,513).

## Babcock to shed 550 jobs in Kent

By Jim Wood

MORE THAN 550 jobs are to be lost within Babcock Construction Equipment in the Medway area of Kent which already faces serious problems of unemployment.

The company, part of Babcock International, is also to make a further 50 redundancies at its two Gloucester plants which will be rationalised into one single manufacturing plant.

Mr George Rattray, managing director of Babcock Construction Equipment, said the group's Winget subsidiary at Rochester would close with the loss of 350 jobs. A further 200 jobs would be lost at the asphalt paving machinery plant at nearby Elmer Knox. The work from Winget, the manufacture of equipment for concreting, will be transferred to the Gloucester plant.

Yesterday's figures were described as "a national disaster" by Shelter, the housing pressure group, which said the combination of a "calamitous slump" in the public sector combined with the recession in the private housing market meant housing output was running at half the minimum number required.

According to the DoE, the

industry began work on 153,200 homes during 1981, against 154,000 in the previous 12 months. Starts in the public sector reached 36,200, a reduction of 19,800 on the 1980 level, although the number of private houses entering the construction stage rose by 16,000.

During 1981 builders completed a combined total of 188,900 homes compared with 233,500 in 1980. In the public sector, 85,200 homes were finished—a decrease of 21,700 on 1980 while private housing completions fell by 12,900 to 113,700.

There is little hope that 1982 will show any significant improvement in output, increasing fears that a major housing shortage may be on the way.

## SDP seeks Employment Bill changes

BY MARGARET VAN HATTEN, POLITICAL STAFF

THE SOCIAL DEMOCRATS are seeking to broaden the scope of the Government's controversial Employment Bill in an attempt to overcome opposition to the Bill in their own ranks.

Dr David Owen, the party's parliamentary leader, said yesterday that the party would try, during the Bill's committee stage, to include provisions covering worker participation in industry, payment by union members of the political levy, and internal union elections.

It would do this by tabling instructions to the standing committee considering the Bill, informing members of their power to extend the scope of the Bill.

Dr Owen's action, which brought strong denunciations

The private housebuilding industry believes that high interest rates and the effects of the recession will continue to stifle demand for new housing during 1982.

At the same time, government expenditure cuts will keep public sector housing programmes at low levels, or even reduce them. Housing starts this year could be down to about 150,000 or less, with the public sector accounting for fewer than 30,000 of the total.

Completions this year could fall to about 180,000, with the number of public sector homes finished falling to little more than half the 1981 level.

Mr Hayhoe said there would be only a small saving from introducing a cut-off point or ceiling.

The SDP was supporting the Bill because the Bill was against the trade unions, despite the fact that the party's economic policy depended on union support for an incomes policy, he said.

He accused the party of "frantic opportunism," picking up policies and dropping them the moment it looked as though they might cost votes.

The country cannot do without an effective trade union movement, but it is debilitated by the present structure and practice of some union activists.

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# THE WEEK IN THE MARKETS

## Slipping Uncle Sam's chains

### LONDON ONLOOKER

The London stock market often seems chained obediently to Wall Street. At times, earlier this week, that may have been the case as gilt-edged securities and equities responded nervously to another big hike in U.S. money supply and jumping prime rates.

But, perhaps because the American market seems to be absorbing the Reagan administration's deficit financing in reasonable comfort, or because the Bank of England is pursuing its own course in exchange rate policy, both sections on the London market were able to recover their poise. UK money market rates have been eased and down a little once more and London hopes are still directed toward another cut in Base Rates.

The Public Sector Borrowing Requirement for the third quarter of 1981 was a mere £200m giving the Chancellor considerable leeway to pick a spending target for 1982-83. And the Confederation of British Industry's trends survey underlined the City's own finding that corporate profits are set to recover this year.

The FT Industrial Ordinary Index has risen 10.9 points since the last account finished on January 22 and now stands at 57.8.

On the bid front, Croda International's attempts to fend off Barmah's cash offer so far have been successful. The first closing date for the offer passed

during the week leaving the bidder with a fair way to go. Croda, though, has had to come up with some ambitious dividend promises for the current year.

The projected £72m bid by Rowntree Mackintosh for Huntley & Palmer Foods has gone quiet before the formal documents are despatched. But perhaps Allied-Lyons, another possible contender, will stand back from the fray. It has almost 5 per cent of Huntley and has been strongly tipped to counter bid. When Rowntree's terms were announced, the beer and ice cream group was quoted at 72p. Now the shares stand at 81p which may be saying that Allied will be sitting on its hands.

#### Fisons' farm-out

With one bound Fisons was free. That was the way it seemed this week as the drugs, agrochemicals and scientific equipment group announced the sale to Norsk Hydro of its loss-making fertiliser business.

Fisons' shares outperformed the stock market by several lengths during the week with a

32 per cent rise to 245p by the close on Thursday. Now, the argument goes, the group has sufficient resources to develop its other operations. At the same time the speculators have been buying in the hope of a bid once the fertiliser burden is lifted.

The deal looks good from all sides. Norsk Hydro, the big Norwegian energy and chemicals company, will be paying Fisons about £50m for the fertiliser interests and looks equipped to challenge Fisons' big UK competitor, ICI, in a way which the seller was manifestly unable to try. Norsk Hydro, like ICI, has plentiful supplies of cheap natural gas which it can convert into ammonia which, in turn, is the feedstock for straight and compound nitrogen fertiliser.

Norsk Hydro has a big stake in the Norwegian sector of the North Sea gas finds. ICI, with the huge benefit of a cheap energy deal with British Gas, can buy and produce feedstock for nitrogen fertiliser at a price which has never left Fisons an acceptable margin.

Yet Fisons' long-held strategy was to use supposedly cash generating divisions such as fertilisers, and to a lesser extent its horticultural business, as feeders for the capital intensive pharmaceutical and scientific equipment operations.

The fulcrum of that strategy has long been wobbling under ICI's competitive pressures and Fisons' profits have dropped

while its balance sheet weakened. Fertilisers contributed 42 per cent to 1980 turnover but suffered a £112m loss.

The group as a whole made only £3.8m before tax that year against almost £17m in 1979 and a peak of nearly £23m in the year before that. Fisons has, over the past couple of years, tried to cut its fertiliser losses by trimming back. Four plants have been closed and the group reckons it slashed some £2m on costs last year. It has admitted, though, that rationalisation would never be enough to get fertiliser on to a good, cash flow footing.

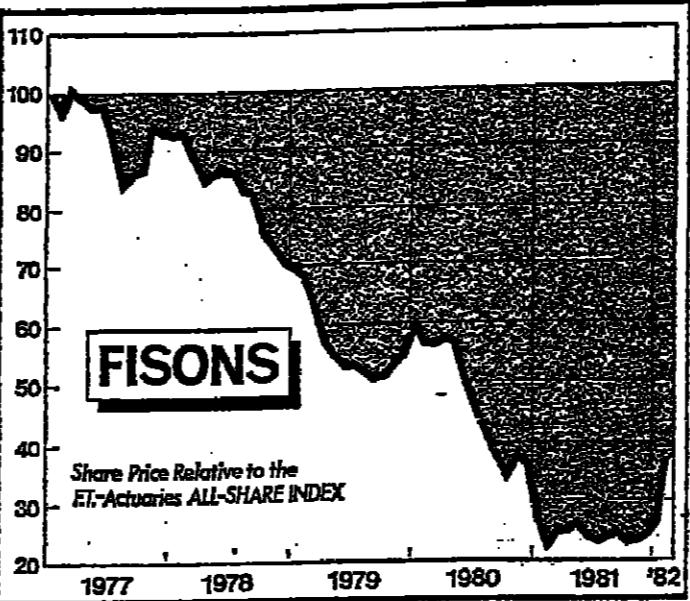
But at last, the long rumoured (and long denied) disposal should brighten the outlook. Fisons is estimating that the sale proceeds will cut some £6.5m from annual debt financing costs. That should halve historic interest payment levels and, with loss elimination, 1980 profits can be re-stated at some £1m before tax.

Fisons is now predominantly a pharmaceutical company. No less than three quarters of total profits came from this division in 1980 on just a fifth of group sales. There have been some setbacks not least the promising anti-asthmatic drug Proxicerol which fell at the last fence of its safety trials at the beginning of last year. The basic compound remains sodium Cromoglycate which protects sensitive tissue against allergic reaction.

The most profitable spin-off has been Intal, which is inhaled by asthma sufferers. Good volume growth, coupled with a 15 per cent UK price increase last summer and strong sales overseas means that pharmaceuticals should stay on a growth path.

Horticulture, 6 per cent of 1980 profits is sold to the strong amateur gardening market and is expected to make further progress. Scientific equipment, which goes into the research, education and public health fields, is suffering the effects of government spending cutbacks while the agrochemical operation, jointly owned with Boots since 1980, probably needs heavy capital expenditure to bring new products on stream.

Fisons is a minnow by comparison with many of its world competitors in drugs and agrochemicals but it has always pointed out that its products have captured pole position, or at least a place on the front row of the grid, in each market it serves. The betting in the City at the moment is that somewhere a predator is



running a slide-rule over Fisons profitable, non-fertiliser rump.

#### Reed unbowed

Third quarter figures from Reed International, the paper packaging and publishing giant, fell short of outside expectations this week—but not enough to shake the market's faith in Reed's ability to make a significant recovery this year.

Brokers are happily predicting

recovery for 1981-82 (£50m in 1980-81) and back up to well over £100m next year.

The latest three months' profits are up from £15.1m to £17.7m. Analysts had been hoping for a couple of million more especially as, in Reed terms, it was a very light quarter for exceptional costs.

They only totalled £1m against £5m in the comparable period. Yet the period had to take in both Christmas and New Year disruptions so the underlying trend has not deteriorated to any real extent.

With the help of a cover price increase the Daily Mirror returned to a small profit after second quarter losses of £2m while Reed's expansion of its provincial paper interests should start working through to the profit line soon. This week Reed bought a northern publisher, St Regis Paper, for £7m, adding to the recent purchases of Barron's Organisation and Essex County Newspapers.

Interest charges are running at £1m a month and Reed is attracted by cash-churning regional papers. The market, however, might be looking for moves on a grander scale from a group capitalised at £325m.

#### Paint splash

Things are stirring in the paint industry. After a long period when specialist paint

makers seemed to be in the doldrums, their shares have begun to move and bids are in the air—probably more of them in the past 12 months than the previous two years.

At the beginning of the week ICI made a £12.8m cash offer for Arthur Holden, which makes inks, paints and adhesives for the canning industry. With full backing from the Holden board and family acceptances adding up to 35 per cent, ICI was Holden's refuge from less congenial suitors.

Only a month ago International Paint (a subsidiary of Courtaulds) had picked up 12 per cent of Holden "without the knowledge or consent" of the Holden directors. Before that Holden's name had traditionally been associated with that of Metal Box, a major customer which still holds 9.3 per cent of the equity.

Although ICI's offer of 180p a share represents a handsome 51 per cent premium to reported net assets and something like 20 times fully-taxed earnings for the past year, it may not quite be a knock-out. By Friday afternoon the shares were 190p, so the market is obviously looking for a counter-attack from Courtaulds or elsewhere.

Holden is not the only paint specialist whose shares have soared this week. Blundell Permaglaze slightly exceeded market expectation when its annual profits were announced on Thursday as £2.05m before tax. On Thursday morning Blundell was valued at 55p; by the close on Friday the shares had risen 25p to their highest ever price of 115p, and the company was worth £7.5m.

The market seems to have got it into its head that Blundell is a likely bid prospect. Holdings in the company, which have risen 25p to their highest ever price of 115p, and the company was worth £7.5m.

## Slippery ground

### NEW YORK DAVID LASCELLES

of California, Standard Indiana and Sohio.

By the same token oil service stocks retreated. Schlumberger, long one of the glamour stocks in this group, took a knock on Monday when Morgan Stanley removed it from its short-buy list because of losses at its Fairchild camera subsidiary. Schlumberger was trading around 50 of the end of the week, down from its 52-week high of 74.

Kodak must have been disappointed by the stock market's reception of the new disc camera it unveiled on Wednesday. Billed as the greatest advance in amateur photographic equipment in 10 years, and the first truly "decision free" camera, it marks Kodak's bid to remain at the top of the popular photography market against the growing marketing and technological challenge of the Japanese. But Kodak's stock fell \$2 on the day before the announcement (which had been billed in advance) and another \$1 on the great day itself, to 72.

Although analysts were fairly positive about the camera, doubts centred partly on the Federal Reserve which has been tightening credit to try to bring the runaway growth of the money supply under control. But the Fed lay low, apparently keen to do nothing that would shock either the credit or stock markets into another sharp fall. Whether it will continue to act so restrained depends on whether the money supply bulge which has caused such trouble subsides in the weeks ahead.

So, what with interest rates rising, the economy still bumping along the bottom of a recession, and this week's record \$10bn Treasury fund-raising exercise reminding everybody that Washington is still having a spot of bother balancing its books, there was little to do but wait and see what would happen in the six months ahead.

Stocks also lacked conspicuous leadership. Oil shares led the way down as reports of oil price cuts came pouring in. This confounded predictions that the severe winters experienced in both the U.S. and Europe would spark a sharp rise in demand for heating oil and underpin prices.

The exact opposite has happened in the U.S., where homeowners have learnt a lot about insulation and energy conservation in the past two or three years. Exxon hit a 52 weeks low of 28p, having traded as high as 38p. The story was similar at all the other oil majors like Mobil, Standard Oil

number two automaker, will report a loss of over \$1bn.

**MONDAY** 28.1.82 19.41  
**TUESDAY** 29.1.82 18.55 + 0.86  
**WEDNESDAY** 30.1.82 18.03 - 7.52  
**THURSDAY** 31.1.82 17.02 + 2.00

### MARKET HIGHLIGHTS OF THE WEEK

F.T. Ind. Ord. Index	Price y'day	Change on week	1981-82 High	1981-82 Low	Volatile on Wall St. Trends
Amstrad	230	+30	250	178	Interim results next Tuesday
BAT Inds.	431	+31	431	230	Persistent buying
Blundell-Permaglaze	118	+27	118	78	Better-than-expected results
British Aerospace	195	-12	251	170	Dual Aerospace issues
BP	292	-10	415	246	Crude oil glut
Cowen de Groot	37	+5	65	25	Interim statement
Croda Int'l.	82	+10	84	32	Hopes of higher bid
Fisons	245	+63	250	112	Fertilizer Int'l. sold/bid spec.
Holden (Arthur)	192	+34	192	86	ICI bid 180p cash
Leadenhall Sterling	120	+55	125	55	Hayes Group bid 125p cash
Martin (R. P.)	370	+40	375	112	Demand for money brokers
Mills and Allen	543	+53	545	308	Acquisition of Guy Butler
Nimso	180	-40	205	140	Marketing agreement with Timex
Norfolk Capital	35	+8	49	21	Speculative interest
Normand Elec.	55	+15	55	21	Bid from P. C. Henderson
Securicor A N/V	222	+32	222	152	Results next Wednesday
Smith St. Aubyn	48	+14	84	34	Recovery hopes
Textured Jersey	61	-14	125	64	Chairman's profits warning
Wit. Nigel	44	-19	110	44	Mining operations curtailed.

## Outrageous fortune strikes again

SHAKESPEARE, had he been alive, would surely have agreed that fortune was pretty outrageous last year for the world's metal-producing companies. Fortune's slings and arrows have certainly been much in evidence this week, perhaps most of all for Canada's Inco, the biggest producer of nickel in the world.

This company had been widely expected to report a huge loss for 1981, and the eventual figure of U.S.\$469.5m (251m) ensured that these expectations were not disappointed.

Inco had been in the black over the first nine months of the year, but a fourth quarter operating loss of \$45m, plus provisions totalling no less than \$465m, gave the company a net deficit for the last three months of \$910m. This must surely rank among the biggest losses ever recorded for one quarter in corporate history.

Inco's provisions include \$245m against the safe of its loss-making batteries subsidiary, Electro Energy Corporation, and a further \$220m written off its mothballed Esminbal nickel mining and processing operation in Guatemala.

**Disastrous** The batteries subsidiary was an exercise in diversification which provided disastrous, while the Guatemala nickel business relied on laterite (oxide) ores, which require considerably more energy to process than Inco's sulphide orebodies in Canada.

Apart from Guatemala, which reduced Inco's capacity by around 25m lb of nickel a year, the company has also cut back in Indonesia and at home in Sudbury, Ontario. Indonesia also relies on the high-cost laterite ores and had been producing at an annual rate of about 45m lb of nickel against capacity of 75m to 80m lb, using two of the three production lines.

Although the operation had been running at break-even, it was subject to heavy interest charges and Inco decided to cut out one of the two remaining production lines.

In Sudbury, Inco plans to reduce its output to 19.5m lb this year, against 32.0m lb in 1981. The company said recently that other steps were under consideration and would be taken if necessary.

All this reflects Inco's determination to survive the current downturn and there can be no doubt that the truly dreadful 1981 results showed a company biting the bullet. By taking all of the provisions into last year's figures, Inco must surely have got the worst news out of the way and is now a leaner and fitter company poised to take advantage of the next upswing.

It is worth remembering that

that continue into 1982," he said, and it is hard to fault his analysis. After all, Amex has just notched up its third best year ever in profit terms in the face of a severe recession.

Mr Gousseland went on to say that he expects economic activity to recover this year, and pointed out that consumers' current low stock levels should help the metals industry to rebound quickly when the next cyclical upturn arrives.

#### ANXIOUS

Another company keeping an anxious eye on metal prices is Gold Fields of South Africa (GFSA). Mr Robin Plumbridge, the chairman, said this week that he hopes to maintain the dividend total at last year's 500 cents (273p) a share, provided

there is no further fall in the gold price.

GFSA, in which London's Consolidated Gold Fields holds a 42 per cent interest, said after this week's announcement of lower first half profits that it expects second-half earnings to be similar to those of the second half of last year.

Mr Gousseland went on to say that he expects economic activity to recover this year, and pointed out that consumers' current low stock levels should help the metals industry to rebound quickly when the next cyclical upturn arrives.

#### TIN OUTPUTS COMPARED

	Dec 1981	Nov 1981	Total to date	previous period
	tonnes	tonnes	tonnes	tonnes





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## YOUR SAVINGS AND INVESTMENTS-1

Terry Garrett weighs up the prospects for gold funds

## Will the gold bulls bite the bears?

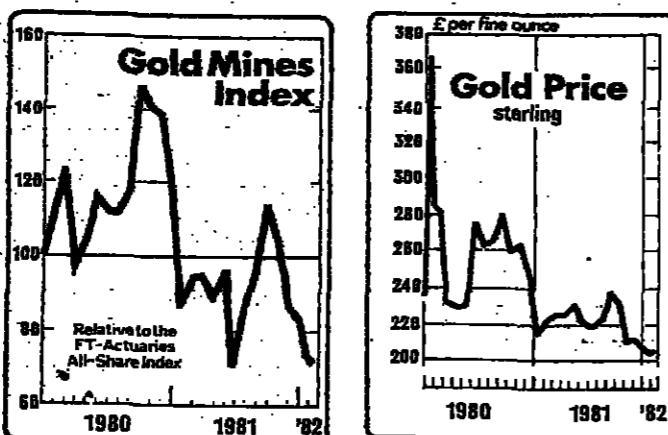
IT MAY seem eccentric to launch an offshore gold fund when the "super bears" are predicting that the price of gold will not stop falling till it's well below \$300 an ounce. But S&P has gone ahead anyhow, arguing that the timing will look right with the benefit of hindsight.

At the beginning of 1982, the London gold price stood at \$400—a third lower than 12 months before. Now it is down to \$383.00 and there is little reason to suppose the slide is over. The fundamentals remain more or less the same: U.S. interest rates are high, inflation is heading downwards and the Russian bear is still offloading.

Even S&P agrees that gold hasn't reached the bottom yet. But the question is how much further the price will fall.

Julian Tregoning, marketing director of S&P, is taking the view that the downside risk is limited to about 15 per cent and if it goes to \$325 "it could bounce quite rapidly."

S&P only launched the fund a couple of weeks ago and



the cheques have not started to roll in. Even so the investment stance has already shifted since mid-January. Then it looked as if the managers were heading towards mining shares—the investment brief is pretty wide, taking in bullion, shares, coins, futures and options. Now they are thinking more in terms of shiny gold bars.

Gold mining shares have

picked up recently. When S&P pushed out its new fund on the morning of January 15 the FT Gold Mines Index stood at 265.8. It has been over 293 since then although it has drifted back over the past week. Philip Taylor, mining analyst at brokers Rowe and Pitman, calculates the average yield of South African mining stocks at 13 per cent. That, he says, is

ahead of the game. The thought that metal might now be better than paper certificates also seems to be emerging at rival fund managers, the Britannia Group. It launched an offshore gold fund just under a year ago. About 80 per cent of its \$3m assets is now invested in mining shares. Profits from the South African companies have held up well in rand terms, despite the falling gold price, because of foreign exchange movements.

Nevertheless the point at which bullion looks more attractive is getting near and the fund's balance is under review. The next move, according to Stuart Goldsmith, Britannia's investment director, will be into metal. But he hasn't decided when.

Are the "super bears" right or in 12 months time will we be pitting S&P on the back for getting in close to the bottom? Time alone will tell. But any investment in gold funds demands a certain philosophical approach to life—and a willingness to ride with a highly volatile investment.

"WE ARE NEVER going to be the top fund. All we are going for is above average performance." So says Martin Arbib, chairman of Perpetual Group, a small but successful unit trust group based in Henley.

Set up in 1974 by Arbib, a chartered accountant, and Martin Rasch, stockbroker, Perpetual's funds have shown up well on the performance tables for some time. It has now capitalised on that record by launching a third fund.

The group currently has about £20m under management, including private client business of about £4m, and is growing at a healthy pace. Arbib says over £3m has come in during the last three months.

Until this January, when Perpetual launched a Worldwide Recovery Fund, investors could only choose between two trusts—a growth fund and an income fund, both of which had a small proportion of assets overseas. Arbib says: "When people come to us they often know little about shares. We question them as to whether they are looking for income or income and capital."

All the decisions on investment are taken by Arbib/Rasch duo. Arbib claims working in Henley has a distinct advantage: "you can keep a clear head outside the City," he says. The strategy is based on their assessment of worldwide markets and the input of about 30 stockbrokers. The emphasis is on "marketable stakes in companies capitalised at over £10m."

Rasch claims the set-up enables the group to respond more quickly than the big boys. Right from the start, the group has kept a small overseas presence in both trusts.

## Small is beautiful

Rosemary Burr examines the fortunes of a small, successful, recently established unit trust.

On the income fund, the group goes for shares yielding around 6-7 per cent, shying away from some of the riskier stocks yielding 10-11 per cent. The aim is growth in prospect, yield and dividend. Among the main holdings are Rank Organisation, Standard Chartered, Mitchell Cotts, BAT and Alexander Huwden.

As for the growth fund, some of the same names crop up again, such as BAT, Rank and Huwden. Other sizable holdings include BSR, Sony Japan, Glaxo and Bowater.

Perpetual Group Income was the leading income fund in the year to February 1 1982, according to statistics compiled by Money Management.

One thousand pounds invested one year ago would now be worth £1,381. The fund was launched in June 1979.

Perpetual Group Growth has been the top performing international fund over a five year period and number two over

one year according to Money Management. Its units have more than trebled in value over the five year period.

Having catered for investor's basic needs the group decided to launch its third fund last month. The aim was to provide something a bit more exciting and it goes without saying, more risky. The upshot is the Worldwide Recovery Fund, which Rasch admits "is going to be a bumpy ride."

The launch of a general international fund goes against the current fashion in the industry which has seen a proliferation of highly specialised funds.

Perpetual decided to avoid this route as Arbib says "the unit holder has to keep looking to see if he is in the right specialised fund. This way we do it for him."

The Worldwide Recovery Fund was launched two weeks ago. The minimum investment is £1,000 and the units are offered at 50p until February 12. The idea initially is to have about 55 per cent of the fund in the UK, 20 per cent in the Far East, 15 per cent in the U.S. and 5 per cent in Canada and South Africa.

So far none of the £1m attracted into the fund has been invested overseas. Arbib says he is waiting for the right time.

"There are very many interesting commodity shares in Australia which have fallen by three-quarters but we are bidding our time."

The worldwide recovery fund is unlikely to perform as well as some of the other specialised funds which just happen to have all their eggs in the right basket. But it may be a good bet for those who are prepared to risk a little and would like to see their money spread around the world.

## Barclays can be your best man

IF YOU WOULD like to earn interest at 2 per cent over deposit rate while you save for a mortgage, then Barclays wants to hear from you. This week the bank launched a £1m publicity campaign aimed at young couples with the altar in mind.

The new scheme called Getting Married is basically a re-vamping of the bank's guaranteed mortgage scheme with some special frills for the newly weds. Less clear from the publicity is the fact the updated guaranteed mortgage scheme is open to all.

Under the new guaranteed mortgage scheme, anyone saving a minimum of £1,000 in one year will qualify for a mortgage of ten times the sum saved. Interest at 2 per cent above deposit rate will be paid on the savings.

The minimum monthly saving is £10 and the guarantee of a mortgage holds good for three years. Up to 95 per cent of the value of the house will be lent. The maximum size of the mortgage is £30,000.

Barclays used to offer guaranteed mortgages to people who saved £100 a month or more for two years. The guaranteed mortgage was between £10,000 and £25,000. The maximum size of the mortgage was 90 per cent of the purchase price or valuation.

Barclays hopes to attract 60,000 new accounts through its Getting Married scheme. There are about 380,000 marriages a year. The bank now has 6m current account holders. Getting customers to switch banks is pretty difficult, and most banks have concentrated their energy on wooing the young by giving special terms to students.

To qualify for the scheme both partners have to agree to switch their current account to Barclays, where they will get free banking for a year. The couple then join the guaranteed mortgage scheme. The current return on the savings account is 14 per cent. The interest is, of course, subject to tax.

The newly weds also get several frills. During 1982 they will be able to borrow money at 2 per cent below the standard

savings rate for personal loans. At the moment this would mean a loan at 18.7 per cent, which is roughly in line with the cost of an overdraft.

Once the couple has found the home of their choice, Barclays will pay for any one mortgage valuation up to a maximum of £100. This concession applies only to those people who join the savings scheme in 1982.

The bank has added further sparkle to the scheme by offering a 15 per cent discount on BUPA subscriptions, commission free foreign currency, free advice on insurance and wills.

To cap it all, the bank provides a bottle of champagne for the newly weds to celebrate the first day in their new home.

So far the response of the other clearing banks has been cautious. Both Midland and the Co-op Bank have guaranteed savings schemes which offer savers loans after two years, but the mortgage is smaller relative to the amount saved than with Barclays. The interest paid is less attractive, too.

Lloyds Bank Special Savings

Scheme may be an attractive alternative. This pays 2 per cent above deposit rate and gives savers priority in the mortgage queue. A minimum of £10 has to be saved regularly for one year. Customers can borrow an amount equal to the total saved at 1 per cent below the personal loan rate.

This is a good general savings scheme for people wanting to get more interest than on a deposit account and who are prepared to make regular savings.

At the moment there is no shortage of mortgage money but the guaranteed mortgage schemes are useful for those who want the discipline of regular savings.

Barclays' Getting Married package is obviously designed to attract first-time buyers, and as such marks an attack on the traditional preserve of the building societies. There is a strong likelihood the other clearers will follow suit, if they see a large number of customers switching accounts.

R.B.

## Bridging the gap

ABBEY NATIONAL appears to have stolen a march on its building society rivals by offering bridging loans to existing customers.

A bridging loan is useful if there is a gap between the date on which you have to pay for your new house and the time you receive the money from the sale of your existing property.

Until now most building societies have tended to shy away from this type of business, although each society would look at individual requests for a bridging loan on a one-off basis. Abbey National says it will offer bridging loans at the same rate as a normal mortgage.

The main proviso is that the contract for the sale of your existing home must have been exchanged, with a completion date within three months.

So far no other society appears keen to follow Abbey's footsteps but the Leeds Permanent says it is considering the subject. Most societies are reviewing their strategy for keeping their share of the mortgage market. New savings schemes and tie-ups with insurance companies are likely soon.

Some building societies are also likely formally to relax their lending parameters. In the past, they have tended to lend people 1.75 to 2.5 times their salary, but this multiple has been gradually creeping up.

Similarly, loans have been rising as a percentage of the total value of the property, and this too may be used as a marketing peg.

R.B.

## Lure of unwanted credit

HOW WOULD you feel if your 16 year old daughter was sent a credit card out of the blue? This is just the situation faced by one of my colleagues last week.

The card was sent by Dingles, part of House of Fraser stores group. A few phone calls established its despatch was "due to administrative error" and letter of apology was said to be winging its way to my colleague.

So why was the card sent in the first place? Well, Dingles is taking over the administration of D. H. Evans credit ledger.

All account customers with D. H. Evans should by now have been sent a new card which can be used at Dingles, D. H. Evans, Howells and David Evans.

R.B.

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## LEISURE

## A doppelganger

VAUXHALL would be the first to agree that the bad patch they went through in the mid-to-late 1970s was largely their own fault.

It was like one of those family rows in which one branch doesn't talk to the other and pretends it doesn't exist. Vauxhall and Opel had been General Motors' companies for decades' years but had always remained aggressively independent lines. In the boom years, they went away with it. But after the first oil crisis, Opel picked up where Vauxhall went into a visible decline.

Everyone knew that Vauxhall would have to pool its car-making resources with Opel if it were to survive, but it remained stubbornly separate, bickering from one crisis to

## MOTORING

STUART MARSHALL

another because its products were outdated and it couldn't make enough of them to be profitable.

Finally, Big Daddy back in Detroit got tough, saying that if Vauxhall wanted to continue as a car producer, it would have to integrate its product lines with Opel. The coming together began about five years ago and now every Vauxhall is an Opel doppelganger with just enough cosmetic changes to let you tell them apart. The Chevette is the old rear-drive Opel Kadett; the Astra the new Kadett. Outside Britain, the Cavalier is the Opel Ascona, the Carlton the Rekord, the Viceroy the Commodore, the Royale Saloon the Senator and the Royal Coupé the Monza.

In Britain, the marketing organisation is so tight knit that Vauxhalls and Opels are sold from the same showrooms. The only Vauxhall entirely manufactured here is the Chevette, but most of the

Astras and Cavaliers and all the Carltons are British built from components drawn from various countries. Viceroy and Royals are imported complete from Germany. So the Vauxhall is now an international rather than a British marque and is very much the better for it. In fact, Vauxhall have never sold as good a range of cars as they do now.

Two Vauxhalls I have tried recently are the Astra 1.6 automatic and the Cavalier SR 1600S. Both were five-door hatchbacks, with 1,600 cc four-cylinder engines and a good range of cars as they do now.

It was like one of those



Vauxhall's sportiest Cavalier, the 1600 SR, looks distinctly Roverish from the tail end.



The Astra 1600 GL. A vigorous family automatic with almost an estate car's utility.

on the market today.

From the Astra I moved to the larger Cavalier SR1600S, which costs £6,062 with manual transmission and looks decidedly Roverish from the rear. Despite its sporting pretensions, with ultra-low profile Pirelli P6s on alloy wheels and hip-hugging Recaro seats, the Cavalier's engine is in the same state of tune as the Astra's automatics.

At 60 mph in fourth the tachometer has moved well past the 3,000 rpm mark and one instinctively reaches for a fifth gear. There isn't one, at least for the moment. At 6,000 rpm (30 mph in third gear) the engine is working hard but happily and at its 107 mph maximum, engine revs are a little over 5,700 rpm. So the Cavalier SR, while not deliberately overgeared for motorway economy, is not under-gearred, either. In town, it pulls well from 25 mph in top. Fuel consumption, given that one tends to drive a sporty model a little harder than normal, is reasonable at 30-31 mpg, with

37-38 mpg in reach of the lightest foot.

The fat tyres ride harshly over broken surfaces. As I noted at the time of the Cavalier's introduction, power assisted steering (not currently available) would be appreciated at low speeds, though on the open road the present set-up is fine.

The Cavalier is a generous four-seater with massive luggage space. But the rear sill is so deep it is like loading a three-bore saloon with a boot. The height of the parcel shelf combined with the rake of the rear window makes it no easier to reverse up an unfamiliar drive at night than a Rover used to before it gained its extra tailgate glass.

On a cross-country journey, the Cavalier SR was most enjoyable but, as a package, it disappointed slightly. Perhaps my expectations had been inflated by its super looks. They shouldn't have been. Experience has taught me that sporty versions of family cars usually give away too much comfort for the sake of a little muscularity.

by which time it should be possible to see clearly whether it was disease or severe weather damage that was causing dark blotsches and small splits or merely superficial weather damage which time will heal.

If there is even one live bud of garden rose growth on a rose bush there is hope for its survival. After all, if it is a bush rose it probably only had one live bud when it started life in the nurseryman's field. All the same I would be doubtful about retaining a rose so badly damaged as that unless it had

recovered all spring and summer from containers.

When all dead or severely damaged growth has been removed it may still be necessary to do a little thinning out or cutting back to improve the balance of a plant or encourage it to produce large flowers.

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Now Morrell has two other rail trips on the London-Far East route, the Tians An Men Express which cuts out much of the long haul across the Soviet

## Luxury trains of the world

TRAINS WERE once romantic. Those were the days when Victoria Station echoed with the muffled sound of announcements of departures to Paris, Venice and even . . . Constantinople.

Meanwhile, in New York, the characteristic lengthy draw cultivated uniquely by American station announcers, intoned the details of routes to New Orleans, Arizona and on, over the Rockies, into California. In Canton there were last minute calls for passengers to Xian, Da Tong and so to Moscow. All this time passengers in Delhi knew that their steam train to Jaipur would arrive bang on time.

But all is not lost. This year, in a remarkable explosion of Iron horse revivalism, all these services are being operated. It is clearly the year of the (well-heeled) rail buff.

Purists will, of course, argue that real romance cannot be restored to the Orient Express, the Sunset Limited or even the trans-Siberian if it is diesel oil rather than coal or wood that provides the bulk of the motive power. But the astonishing workmanship and love that has gone into the restoration of some of the carriages used, particularly on the Orient Express, serves to reduce, if not dispel, such doubts.

And anyway, if steam is the prime concern, then Indian Railways' "Palace on Wheels" promises that you will "steam down memory lane." The Central Kingdom Express, which carries passengers from London to Hong Kong, does not specify a steam locomotive at any point, but if my own experience is any guide, steam is a frequent feature of the tracks and, at Da Tong, you are promised "the world's last steam engine factory."

First into the fray, three years ago, was Mr Philip Morrell of Voyages Jules Verne, who says that when he started his Central Kingdom run "we were accused of operating a publicity stunt, but now more than 1,000 passengers have spent more than £2,300 each and the service operates weekly in both directions."

Now Morrell has two other rail trips on the London-Far East route, the Tians An Men Express which cuts out much of the long haul across the Soviet



The restored Ibis Pullman carriage for the new Orient Express

Ashley Marshall

from Paris to Milan and Venice, with through carriages to Belgrade, Sofia, Athens and Constantinople, began its golden years. The service restarts in May of this year and the basic fare to Venice from London will be £250.

The carriages used for the Welcome Back to Rail's Golden Age trips being marketed by American Express are not quite the lavishly furnished objects that form Sherwood's Orient Express fleet, but they are supremely comfortable restored Pullman cars.

Sherwood's Orient Express may have the glossiest brochure but, with the Palace on Wheels, run jointly by Indian Railways and the Rajasthan Tourism Development Corporation, seems to have cornered the market in poetic writing.

The train comes complete with a separate dining car and an air-conditioned observation car with bar. There is even a library, a children's corner, a handicraft shop and a foreign exchange counter. (The elephant ride is included as part of the trip).

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## BOOKS

## Poor little rich girl

BY RACHEL BILLINGTON

Every Secret Thing  
by Patricia Campbell Hearst  
with Alvin Moscow. Methuen.  
£19.95. 468 pages.

The Patty Hearst kidnapping became a major news story overnight and remained one for what must be record time for an individual—who isn't a film star or President of the United States. Her story had everything. Millionaire's daughter snatched naked by masked raiders, carrying machine guns. They declare themselves to be the previously unknown Symbionese Liberation Army and force Patty's father to redistribute some of the legendary Hearst wealth in food手outs to the poor, costing two million dollars. But Patty stays kidnapped. Then, just as the story seems to be fading, she is photographed taking part in a bank raid in which two bystanders are seriously wounded. Tania, the latest recruit to the S.L.A. is born, wearing a dark wig and carrying her own gun, finger on the trigger.

Under coercion? Or of her own free will? Now the questions start. A barrage of information or misinformation about her past, revealing every sort of delinquency, from telling a run to go to hell to major revolt against her boudoirs background. Had the good girl gone bad? Or had she never been good at all? The controversy raged. The Hearst family needed barricades.

Then again, no Patty and the Hearsts turned elsewhere. Only to blaze up more furiously when six of the group holding her were burned to death in a grand shoot-out between them and an army of police, as seen live on television all over the United States. Was Patty one of the charred victims? This question at least was answered when she was eventually arrested with two more surviving members of the S.L.A.

When asked by the police what her profession was she answered without a

flicker, "Urban guerrilla." So the central question mark continued over the several months of psychiatric examinations which preceded, finally, the endlessly prolonged trial. Villain or victim? True urban guerrilla or brain-washed prisoner? The press, interviewing eager doctors, lawyers and even the judge (who managed to die before sentencing), kept the mystery going. Rape, burglary, murder and still all that Hearst money. The flamboyant F. Lee Bailey, her defence lawyer, used every angle.

Patty was convicted. But after something over a year she was granted "Executive Clemency" by Jimmy Carter himself. Back in the world in February 1979, almost five years after her kidnapping, she soon looked once more like an ordinary bright and lively Californian girl. One more flash of publicity when she married her bodyguard (addicted to jailers), providing the Campbell part of Patricia Campbell Hearst, and then peace. Presumably she hopes to live happily ever after.

Now comes this book ready to unveil all the mysteries of what happened during those many years of captivity—if it was captivity. It is a large book opening with an explanation of her privileged though not pampered childhood and life until the snatch and then going into literally day-by-day and often hour-by-hour description of what happened during the whole period she was outside society. The initial drama, two months in a cupboard with a gag in her mouth, a radio blaring music into her ears and death ever threatening outside the door, is a small part of the picture.

Soon she is learning about her captors, their leader "Cin," a black escaped convict, "Cujo," the only other male, a white man, and the four women, also white. She gives them dialogue and makes vivid pen-portraits. It is revealing to match these



descriptions of desperadoes with their photographs which in the case of the girls show nice smiling middle-class faces.

There is no doubt that this book must become a handbook for anyone studying the psychology of the various guerrilla groups now spiking democracies all over the world. The past history of each member of the group is also documented so that one can see the moment and the reason when each one became alienated from society.

The reason is always different but almost never a matter of genuine ideology. They were getting their own back on a world which had given them nothing—or worse. Attack is the best form of defence. Their theories for a brave new world which they expanded in their various tape recordings to which Patty contributed, were muddled to say the least. The one thing that they did understand was the power of publicity.

It is at this serious level that the book is most interesting. The actual fabric of the story soon becomes monotonous. The truth was that their life of self-imposed captivity in "safe houses" was incredibly boring. As Patty describes it, they passed their time in two ways. First there was "military training" which was taken extremely seriously, including wild up and down stairs laden with packs and guns. Secondly, there were meetings. These went on for hours, often far into the night, and consisted of a mixture of group-therapy and plans for future action.

The action, in Patty's time,

was a bank raid and one attack

on a dry goods store, kept them in a state of nervous excitement.

That and their constant close proximity to each other. Never-the-less, the style of the book is oddly flat, whether a true reflection of Patty's attitude to her nightmare experience or due to deficiencies in the writing of her co-author, Alvin Moscow. It is hard to say. It does give a

sense of dreary reality to her descriptions of even the most sensational aspects to her story. Her sex with the two men of the group, although clearly rape in the sense that it was against her will, is told in such a way that makes it clear she was already a kind of zombie, beyond a screaming protest—even an inner scream.

As she comments, "my thoughts at this time were focused on the single issue of survival. Concerns over love and marriage, family life, friends, human relationships, my whole previous life had really become, in S.L.A. terms, bourgeois luxuries."

Thus, already, at this early stage, she was brain-washed. The sadness of the Patty Hearst nightmare, from her own evidence, is that she seems to have had no inner life strong enough to even begin to combat the effect of the terrorists. She

never saw her captivity in any

other light but that of the threat of imminent death. Her sex with the two men of the group, although clearly rape in the sense that it was against her will, is told in such a way that makes it clear she was already a kind of zombie, beyond a screaming protest—even an inner scream.

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## Quiz master

BY GEORGE WATSON

Thoughts and Thinkers  
by Anthony Quinton Duckworth.  
£28.00. 355 pages

It is not the past that has much interested British moral philosophers in our times, unless as a treasury of examples. Present and future understandably look more urgent. Collecting 33 of his articles on past thinkers from Hobbes to Mortimer Adler, and on such well-contested problems as equality and tragedy, Anthony Quinton can lay some claim, in his preface, to a degree of eccentricity. But then he is in no danger of being mistaken for an ordinary chap. He is a professional philosopher at Oxford, a noted radio voice, and the head of a college that numbers Lander, Cardinal Newman and Jeremy Thorpe among its members. What he has now done adds to his distinctions, and to his college's he has succeeded in writing an entertaining book about some traditional concerns of moral philosophy.

These are brisk footnotes, essays and at times (it seems almost shocking, to confess) something little short of amusement.

Quoting Mary Midgley, Mr Quinton complains in his preface of the "tiny arid garden" of British moral philosophy. Its masters have been too little concerned with the sheer history of thought, so he argues; and he dismisses Bertrand Russell's *History of Western Philosophy*, which might be thought to stand out against him in this argument, as too regardless of strictly historical considerations, and too bound up with its own polemical purposes, to be properly called a history at all.

Mr Quinton's own mind is neither tiny nor arid; it has been watered far too often for that, with notions large and small—but I suspect his interest in the past is not in principle enormously different from Russell's "timeless senior common room" of philosophical debate. There is nothing much the matter with that, provided you are ready to accept it.

The real case for this book is that, like public gardens, it is open to anyone. In its disjointed way, being composed over more than 20 years, it amounts to a popular history of Western philosophy since Hobbes, Hume, and some unfashionable Victorians, all seen through very twentieth-century spectacles, with backward glances at Plato and Aristotle. The emphasis, too, is twentieth-century British: Russell, G. E. Moore, Wittgenstein, Popper. Mr Quinton has a quick hand with exposition, and can always

lay out a familiar problem like elitism in a dexterous and efficient way. Arguments are marvellously accessible, and (preface apart) commendably unpretentious. You do not have to be a philosopher to read it. You do not even have to be a philosopher to want to.

I suspect the lay reader may well find the second part, which is on thinkers, more involving than the first, which is on thought. People are more fun than ideas. The very title of the first essay, "Has man an essence?" has a misleading chilling air, though the lively run it offers through Aristotle, Marx and Sartre turns out, in

Anthony Quinton, President of Trinity College, Oxford; a polished bronze (1980) by his wife Marcella Quinton

knowledge, and that this is almost certainly true of every one of us. So much for those who think "social conditioning" an unanswerable objection to belief. But the ensuing account of the value of testimony is one of the few passages where the book fails to convince. Bertrand Russell once remarked that our learning a native language is "a testimonial to the habitual veracity of our parents". Mr Quinton finds this "too full some", on the grounds that without general veracity there would be no linguistic community in the first place.

This is a relaxing book, surprisingly enough: many long monographs, potted into one, and often as elegantly right-minded as philosophical essays are ever likely to be. One might sometimes be inclined to say that Mr Quinton skates on thin ice, were it not that the depths beneath his prose are so very far from dangerous. It is not his object, to all appearances, to imply that philosophy is a highly important activity; just that, if you choose to go in for that sort of thing, you might as well get it right.

An awful lot of people, as he has noticed, do not. Many on essential man as a productive being, Sartre on man as having no essence at all, and (worst of all) the unthinking modern apostles of egalitarianism, all fail to win approval or support. So do those Proletarians, Frieda Lawrence and Lou Andreas-Salomé, who are seen here in two hilariously funny reviews as the semi-infatuated female tuft-hunters they indubitably were. But revolution is not the main game.

It is surprising to have made a bedside book out of moral philosophy. A beneficial idea, surely, since people have to make moral choices all the time, and not least in bed. They will find *Thoughts and Thinkers* an undemanding book, on the whole, and one that does not attempt to impose any exacting models of behaviour. Its concerns are analytical rather than hortatory. So far as it points anywhere, it points conservatively, coolly, impatiently; it is of the half-baked radicalism and intellectual filmfests of our age. This is a mild and wholly unadorned book, in the end designed for a readership of which professional philosophers will form only the most minor part. But then its arguments are for us all.

## BOOKS OF THE MONTH

Announcements below are prepaid advertisements. If you should require entry in the forthcoming panels applications should be made to the Advertising Department, Bracken House, 10 Cannon Street, EC4P 4BY. Telephone 01-548 5000, Ext. 7064.

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**All a chequerboard . . .**

BY ANTHONY CURTIS

**The Royal Game and other stories**

by Stefan Zweig, translated from the German by Jill Sutcliffe-Jonathan Cape, £6.95, 304 pages

**The Poetry of Chess**

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Publications. 580 pages £55.00

**Chess—Visible**

Edited by J. K. Paul  
Chess—Visible is a genuine love of chess, a love that has a genuine love of the game.

One of the most gripping fictional accounts of a game of chess was written by the Austrian-Jewish novelist Stefan Zweig in *The Royal Game*. This now makes a welcome appearance in a new volume of his stories which contains a perceptive introduction by John Fowles. The chess tale turns on a man's period of solitary imprisonment, punctuated by interrogation from the Gestapo, during the course of which he sustains his power of resistance by playing games of chess against himself in his head.

Chess has also had a strong appeal, from the middle ages to the present time, to poets as a figurative model for amorous and political contests. This

## CHESS/BRIDGE

## HOW TO SPEND IT

by Lucia van der Post

## Victory in Wijk

BY LEONARD BARDEN

JOHN NUNN'S remarkable performance at Wijk aan Zee last weekend gives renewed promise that Britain can develop grandmasters of the highest class. The 26-year-old Londoner shared first prize with Yuri Balashov of the USSR in a category 13 tournament, ahead of several world title contenders.

Full scores in this the annual Hoogovens international were Nunn (England) and Balashov (USSR) 8½ out of 13; Hort (Czech) and van der Wiel (Holland) 7½; Tal (USSR), Nikolic (Yugoslavia), Kavalek (U.S.), Soosko (Holland) and Huhner (West Germany) 7; Ree (Holland) 6½; Timman (Holland) 5½; Christiansen (Brazil) 4½; Sumye (Brazil) 4; Chandler (New Zealand) 3.

The tournament had an average rating of 2,556 (equal to a British grade of 244). It was thus marginally stronger than the 1980 Phillips and Drew Kings in London, where Tony Miles tied for first with Kortsch, not also with 8½/13, in a 2,554 event.

Those behind Nunn included Timman, currently ranked world No 2, Tal, the great attacking genius, and Huhner, the defeated 1981 candidates finalist. With that background, the result is probably the best ever individual performance by a British player in international chess.

The world ranking list discussed in last week's article placed Nunn 18th, but now he should be in the top dozen and among the super-elite of grandmasters rated 2,600-plus. Most significant, he is at least four years younger than any of his non-Russian rivals.

On present trends Nunn could become world No 3 after Karpov and Kasparov within a couple of years.

The British player won his individual encounters with Tal, Timman and Hort, while his only loss came unexpectedly against Nikolic. Nunn v Tal appeared in last week's column. The game below was played in the opening round and demonstrates why the "hedgehog defence" (pawns at QN3, Q3 and K3), so fashionable among many tournament players, requires precise handling. Here Black tries to counter earlier than usual and Nunn wins brilliantly.

White: J. D. M. Nunn (England). Black: J. Sumye (Brazil). Sicilian (Wijk aan Zee 1982).

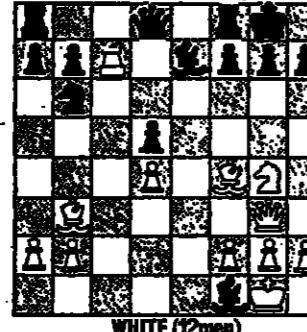
1. P-K4; P-QB4; 2. N-KB3; P-K3; 3. P-Q4; P-P5; 4. N-NP. P-QR5; 5. P-QB4; N-KB3; 6. N-QB5; P-Q8.

6... B-N5 is forcing more. 7. B-K2; B-K2; 8. O-O; 9. P-B4; R-K1; 10. B-K3; Q-N2; 11. Q-K1; Q-B5; 12. Q-N3; R-N1; 13. K-R1; P-QN3; 14. Q-R1; N-B4?

Black seriously underestimates White's central attack. Normal strategy in this type of

POSITION No. 409

BLACK (3 men)

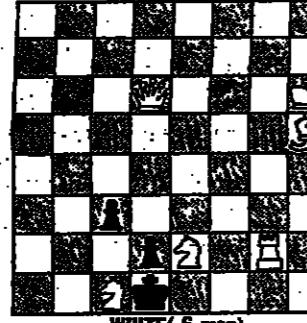


WHITE (2 men)

From the Russian championship semi-finals, 1981. White (to move) gave up a rook to reach this attacking position. Can he justify the sacrifice, and how should the game go?

PROBLEM No. 409  
White makes in two moves, against any defence (by O. Wurzburg, 1917).

BLACK (3 men)



WHITE (6 men)

Solutions, Page 10

## On pairs play

BY E. P.-C. COTTER

MARTIN HOFFMAN, who has a great track record in pairs events, has just produced *On Pairs Play* (Faber £6.95), a book which I am happy to recommend to readers; it is most instructive.

Let us watch the author playing this diamond slam:

W  
♦ K 2  
♦ A K 9  
♦ K 10 9 2  
♦ K 10 4  
♦ 10 7 4 ♦ 8 6 5 3  
♦ 7 6 3 ♦ 5 4 2  
♦ J 5 ♦ Q 4 3  
♦ A Q 8 5 3 ♦ 6 7 6  
S  
♦ A Q J 9  
♦ Q J 10 8  
♦ A 8 7 6  
♦ 2

Martin dealt in the South seat at a love score, and opened the bidding with one diamond, North forced with three clubs, and South rebid three no trumps. Over North's four diamonds the opener said four spades, and after a Blackwood check for Aces found himself in six diamonds.

After making the Ace of clubs, West switched to a heart, and South had to find some way of avoiding a trump loser. Dismissing the chances of a doubleton Queen, Knave in one hand or a singleton honour with East, Martin decided to play for a Devil's Cork.

To bring off this rare ending, it is necessary to arrive at a position where one defender holds three trumps, the other two trumps and a plain card. A break in hearts was essential, so the declarer cashed Ace, King, and Queen, and followed with three top spades. The third spade was ruffed on the table, and then followed the club King and a club ruffed in

hand. In the four-card ending dummy held K 10 9 of trumps and the Knave of clubs, declarer held the spade Queen and A 8 7 of trumps, West was left with J 5 of diamonds and Q 8 of clubs, while East had the 8 of spades and Q 4 3 of diamonds.

When South led the Queen of spades, West correctly threw a club, and dummy ruffed. The club Knave was returned, and the defence was helpless. If East ruffed low, South would over-ruff; if he ruffed with the Queen, declarer would over-ruff with the King, and then finesse dummy's diamond ten.

We turn to *From All Angles*:

W  
♦ K 2  
♦ A K 9  
♦ K 10 9 2  
♦ K 10 4  
♦ 10 7 4 ♦ 8 6 5 3  
♦ 7 6 3 ♦ 5 4 2  
♦ J 5 ♦ Q 4 3  
♦ A Q 8 5 3 ♦ 6 7 6  
S  
♦ A Q J 9  
♦ Q J 10 8  
♦ A 8 7 6  
♦ 2

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With North-South vulnerable, South bid one club, West over-called with one heart, and North doubled. This was a negative double, showing some 7 to 10 points and four spades. South rebid two spades, West competed again with three diamonds, and after two passes South's three spades concluded

the play. West led the diamond Queen, won with the Ace, and a spade was returned from the table for a successful finesse of the ten. After cashing the Ace of trumps, the declarer played the King of clubs, West won, and led another diamond, which was ruffed in hand, and South cashed the Queen of clubs.

At the seventh trick South led the two of clubs to dummy's eight. It seems natural for East, sitting with Queen, nine of trumps over Jummy's King, Knave to ruff, but Martin was sitting East, and saw that this would be fatal. Therefore, he discarded a heart. The declarer ruffed a diamond, and played fourth club. This time East ruffed with the spade nine, returned a heart for West to win two tricks, and a heart return established the setting trick, because East's Queen was promoted to master rank.

More raffine, less jokey, are the exquisite collection of covers of all sorts on sale at The White House, 51-52 New Bond Street, London W1. Not everything at The White House is as expensive as one fears and if you are looking for fine bedlinen, towels and other



The Resolute by Vermont Castings, £741.75

## Bright sparks

UNTIL now the idea of solid fuel stoves which double as cookers and central heating units has seemed to make more sense for large country houses than for the smaller living units that are the inevitable corollary of urban life. However, a new shop at 49 Chiltern Street, London, W1, hopes specifically to sell the sort of stoves and offer the kind of advice that those who live in cities (and London in particular) need.

Run by Rose Gray (whom many readers may remember used to manufacture a range of highly decorative stoves until the rising pound and expert Taiwanese copies undermined her market) and Morley Marketing, the aim is to offer a complete service to would-be stove owners. All the stoves have been chosen because they are particularly suitable for burning the fuels that urbanites have access to (coal, anthracite, smokeless fuels) though there are some that will happily adapt to wood as well.

In particular at the London Stove Centre readers will find a splendid selection of stoves from the American company, Vermont Castings. Rose Gray thinks that they are extremely well-made, are especially suitable for coal or anthracite (though they also burn wood extremely well) and because they are thermostatically controlled they can be left



The Oval Godin stove, £285.75

## Talent show

NOBODY is in any doubt that Britain is full of exceptional young talent in every creative sphere, whether it be the arts, fashion or industrial design. Fashion and design firms from Italy, France and Germany regularly come here scouting for new ideas and new blood but what seems to defeat everybody in this country is how to use it, how to integrate all this creative skill and energy with the commercial world. Many of the youngsters emerging from what is one of the best art school trainings in the world find the outside commercial world almost impossible to penetrate.

On Monday, a group of very young and talented youngsters, who decided not to sit about waiting to be discovered but to take matters into their own hands, will be showing those who are interested just what they can do when they stage their own show at the Park Lane Hotel in London W1.

They will hold a fashion show in which some 90 garments will be modelled, all of them designed and largely made up by the designers themselves. In between there will be performances by the Ballet Ramble Academy, the mime duet Flex and there will also be a

chance to see the work of painters and illustrators.

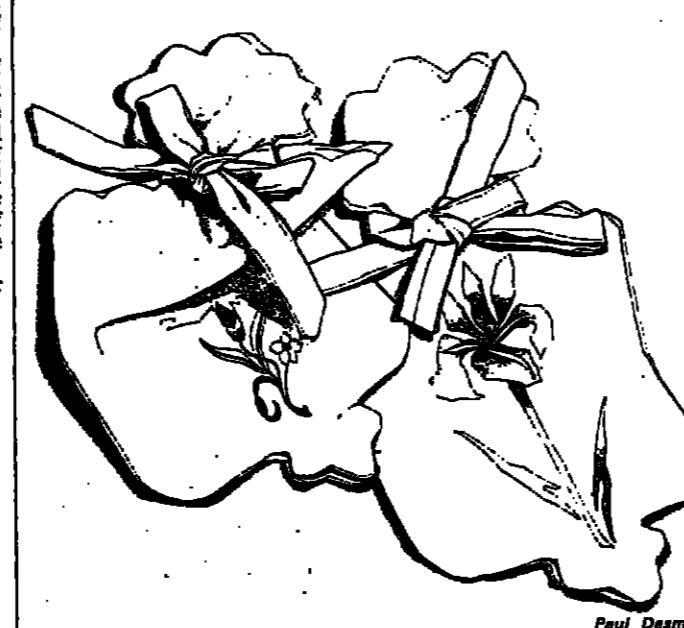
Altogether it should be a lively and fascinating evening. Everything has been organised by the students themselves—they prevailed upon *The Financial Times* to give them some sponsorship and they are giving everything they make over and above the costs to the NSPCC.

There will be two shows on Monday, one at 6 pm (tickets £6) and one at 9 pm (tickets £10, champagne included). Anybody wanting to go should ring Miranda Nicolle on 01-235 6572 before 6 pm today.

All the clothes will be for sale and there is a rich and varied collection of styles—from the softest, most sophisticated of suede designs by the Magenta design team (contact them at 939, Finchley Road, London NW11. Tel. 01-455 9529)—prices are extremely reasonable (for instance the dress featured left, in beautiful raspberry suede is £90) through chic grey pin-stripes, hand-painted silks, to children's taffeta and the sleek Puritan look, right, by Tom Starzewski (the skirt is grey, white and black dog-tooth wool £110, spotted silk crepe-de-chine blouse £80 and red velvet jacket, £85).

Magenta's raspberry suede day dress

Tom Starzewski's elegant three-piece suit



Paul Desmond

## Postscript



If you're still pondering on the vexed question of St Valentine's Day (Sunday, February 14, for those who haven't got around to looking it up) and none of last week's suggestions happened to appeal, then this week I offer three more ideas. Examinions of 10 West Halkin Street, London SW1, is offering to put special Valentine's Day boxes on the market. The boxes are £12.50 each (by post add 60p extra) and the basic colour is white with discreet "gold" markings. The two bars of soap inside are individually wrapped and on the wrapper comes the message ("Be My Valentine," £4.95 for the box. If you want it posted add 51 for postage and packing).

Halcyon Days, £24.90 (51 p+). Crummles is a newer company that started doing hand-painted enamel work a few years ago. This year its St Valentine's Day box is in dusty pink with a drawing on the front of a Cupid surrounded by a rustic stream in soft blues, pinks, greens and yellow, (above right). £23.85 from Harrods, Fortnum & Mason, Asprey, Thus Goode, Maplin and Webb in London and other gift shops.



Anybody who has ever suffered from an allergy after using cosmetics will appreciate the thoughtfulness of a new hypoallergenic range that has been launched in a pack of miniature sizes. Nothing is more irritating than lathering out on a new wonder product only to find that it brings one out in spots, bumps or swellings. Queen Cosmetics is therefore doubly useful for those prone to allergies — first of all the products themselves are hypoallergenic and secondly, the trial sizes of all four, in a neat pack, the price is £2.20.

Sold at branches of Boutiques, Savory & Moore as well as Selfridges and Harvey Nichols in London. You can buy it by post (add 50p extra) from Queen Cosmetics, 130 Wigmore Street, London W1.

One of the less attractive aspects of modern life is that those who have cause to travel alone through any area at night, whether lonely urban streets or even emptier country lanes, no longer feel quite safe. There are now several devices on the market which might make the elderly, the nervous or those particularly at risk feel safer. One of the least expensive is an alarm torch (sketched left) which can be used simply as a torch but it also has an alarm which can be activated at the press of a button. The alarm sound is high-pitched and disturbing enough to be heard for some considerable distance. In orange and cream, the torch runs on three UM3 batteries and is small enough to fit into a handbag (5½ ins long by 2 ins wide by 1 in deep). £2.15 from Peter Knight of Esher, Surrey. (p + p 45p extra).

Simpler, cheaper but still remarkably effective is the English hobby's whistle. Silver-coloured on a 15 ins long chain, its just 85p and is also available from Peter Knight (p + p 45p).

Drawing: Celia Baker



Jan Wheeler



## ARTS

## The Emerald Isle

BY B. A. YOUNG

No doubt about it, the best thing I heard on any channel in the past week was Radio 3's adaption of Brian Friel's play *Translations*, made by Donald McWhinnie, who directed it in the theatre. It is a remarkable play in any medium, but particularly on radio. At the heart of its story is the encounter between the Irish peasantry and the British Army's military topologists, there is a romantic scene between a young lieutenant and a local girl neither of whom can understand the other's language. On the stage, it's not difficult to remember that when the man is speaking English he is speaking English, whereas when the girl is speaking Irish she is speaking Irish; but to present this simply through the medium of voices is an altogether more difficult problem.

In this production (produced by Robert Cooper in Northern Ireland) it worked most beautifully, with only a minimum of change in the script. The two young people were played by Shaun Scott and Bernadette Short with such humour and sensitivity that the listener's mind inhabited one voice after another instantly, without having to make any adjustment.

There were fine performances by Ian Bannen as Hugh, the teacher in the hedge-school. Gabriel Byrne as Manus, Sébastien Shaw as old Jimmy Jack with his unlikely knowledge of the classics — indeed by the whole company. Donald McWhinnie himself directed. It does credit to the BBC that they have put on this fine play so soon, and credit to the National Theatre that they should have no objection while the play is still running at the Lyttelton.

The James Joyce centenary continues to attract attention to Dublin, and on Monday (still on Radio 3) we had three hours of *Ulysses* in the rather bizarre adaptation by Anthony Burgess, the musical *Blooms of Dublin*. You might wonder why anyone should want to add songs to *Ulysses*, which is musical enough on the page; but Mr Burgess is not only a great expert on Joyce, he is also a frustrated composer, and what better chance to combine the two expertises?

*Ulysses* presents the same problems on the radio as the adventures of Jeeves and Bertie Wooster. To separate the dialogue from the narrative involves the risk of losing the best writing, for the dialogue in *Ulysses* depends on its fami-

liarity rather than its invention for our enjoyment. What happens in *Ulysses* is all rather ordinary. It is the way in which Joyce tells it that matters.

Mr Burgess's script is confined to the more outgoing moments, and he likes to turn the best prose into song. The music, in a variety of styles, didn't seem to me to highlight either the action or the characters, except in the case of Molly Bloom, who was able to turn into coloratura soprano from time to time, and not always the best time. What anyone who hadn't read the book could have made of it, Heaven knows.

Tuesday, the actual centenary day, found Joyce popping up all over the place. He even found his way into *Jazz Today* by some association with Stay Gatz that Charles Fox didn't make clear to me, no doubt because I wasn't listening very carefully. Then in the grotesquely-entitled *Manly for Pleasure* (what's the rest of it for? profit?) Natalie Wheen made up her two hours from music that Joyce would have known and referred to in his writing, including "The man who broke the bank at Monte Carlo."

*Kaleidoscope* on Radio 4 was naturally devoted exclusively to Joyce. Going over all the old stuff again, of course, what else is there to do? We had Siobhan McKenna reading Molly's soliloquy and then a bit from *Finnegans Wake*; and we had Joyce reading *Finnegans Wake* and it sounded very similar. Denis Donoghue was given the responsibility of offering a judgment of *Blooms of Dublin*. "It's a mess," he said.

Earlier on Tuesday on Radio 4 was the first of 26 programmes called *Animal Language*, which I thought fascinatingly interesting. It dealt with communication, and if you think the object of language you clearly didn't listen to this programme. As for words, the nearest we came to them was a selection of baby cries. Two professors disagreed about the object of language; one said that it was to bring some benefit to the originator, the other that it was to manipulate the receiver. We are promised information about the communication methods of insects, crustaceans, spiders (ugh!), fish, frogs, birds and mammals. It comes from David Attenborough, who is a master communicator.

## Soirée de Ballets

BY CLEMENT CRISP

The latest programme by the Paris Opéra ballet might be thought rather short commons, for it comprises Balanchine's *Serenade*, the Grand Pas from *Paquita*, Dolin's evocation of the *Pas de Quatre*, and a pas de deux. Not the most substantial fare, but generously one might view it as an example of the *nouvelle* cuisine where light flavours and delicate sources do not clog or overwhelm the taste-buds. It must also be seen in the context of the Opéra ballet's concurrent undertaking: a major new presentation of *The Sleeping Beauty* which opens this week at the Palais des Congrès for a long season, on which I shall have to report after the weekend. That the Opéra ballet will also be playing at the Théâtre des Champs Elysées later in the spring is some indication of how this great company is used to preserve patterns and a stage area. Ghislaine formations over so considerable as the central figure, and I admired very much Elizabeth Platé as the second ballerina: she is one of the newest étoiles of the company, her dancing clear, fresh and immensely satisfying

in line and classic dignity. These two artists were also involved in the 28-year interval since the company's previous visit. This new programme, which I saw at the week's end, is exciting in the profusion of its cast, Birgit Keil from Stuttgart was the guest invited to play Tagliolini; it is not a role which suits her and she missed the charm and that prodigious and feathery virtuosity that Markova imprinted on the pretty leaps and poses of Tagliolini's variation. Florence Clerc, another young étoile, inherited the allegro waltz solo that is a portrait of Cerrito, and was delightful, but her true strength was shown later in the *Paquita* Grand Pas. This has been staged by Oleg Vinogradov, director of the Kirov Ballet.

Despite some over-complicated costuming, and a set like the ghost of Bibiena palace interior, this cascade of bravura and show-off is brilliantly done by the Opéra cast. Mme Clerc displays a stunning assurance, and two coryphées — Fabienne Comptet and Catherine Goffin — sparkle with youthful radi-

ance through their transcendental entries. The prettiest and most beguiling of the variations — the *valse lente* which comes second in order of performance — was done with irresistible charm by Françoise Legrée.

Mme Legrée was also seen in the *Coquille* duet which completed the programme, with Patrick Dupond as the incubent of the man's gold lame trousers and yearning attitudes. Mme Legrée did every trick, and the piece is an amalgam of the rawest and most blatant circus barbarities passing themselves off as choreography with grace, opulent extensions, and amused ease. M. Dupond, the wonder-boy of the Opéra Square, *Theatre restaurant*, since he won a gold medal at the Varna Ballet competition five years ago, revealed that he has grown up. Gone all the pretty, light-weight mannerisms that decorated prodigious technical facility like so much tissue; he was seen in this trumpery duet as a young man with a wonderful gift for dancing — a low-key presence, and the singer-over-including his fondness for a languid laid-back approach, the show continually verged on the soporific.

Two monuments to another era met this week when Matt Monro opened in season at the Talk of the Town. The age of nuclear energy, space invaders and naughty disco dance groups has washed past the Leicester Square *Theatre restaurant*, a museum piece frozen in a mould popular 20 years ago. Old favourites like "Portrait Of My Love" and "Walk Away My Mind" showed that he still has a fine fluid vocal style. But with the augmented Burt Rhodes Orchestra maintaining a low-key presence, and the singer-over-including his fondness for a languid laid-back approach, the show continually verged on the soporific.

That it is totally failing to make its mark in the 1980s was made clear by the opening night's dismal half-empty house. Plumed plastic barbie doll showgirls in nylon negligees form the centre-piece of a lacklustre disco show, which, with a bold lack of imagination, currently includes two juggling specialty acts.

## Matt Monro

BY MOIRA PETTY

In a stark parallel to this faded format, February's attrition Matt Monro has not hit the recording heights since the mid-1960s. A tiny figure with a slight personality, he exhibited a sad lack of stage presence as he ambled through a predictable repertoire.

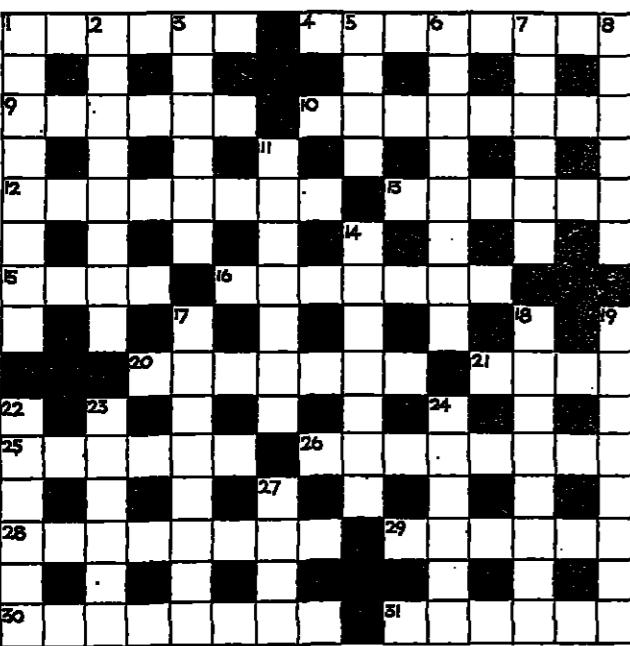
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## F.T. CROSSWORD PUZZLE No. 4,791

A price of £10 will be given to each of the senders of the first three correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to the Financial Times, 10, Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name .....

Address .....



ings — middle-earth boundary (4); 6. In case of possession, I give ten away (8); 7. Home of some wallah, or employee in Pakistan (6); 8 and 19. Get into the hit parade? (3, 3, 8); 11. Change trains at Holyhead for Staines, they say? (7); 14. Philosopher discussing body of men (7); 17. Giving an "A" there is irritation in a sharp, ringing sound (8); 18. Fellow inside, we hear, is one who could get out (4-4); 19. See 8 down; 22. Corrupted old wife in bed (6); 23. Ancestors in the trees? (6); 24. Behind, in the manner of aquatic bird (6); 27. That is, by British Rail, the fare from France (4); 29. Remember to give sappers a ring (6); 30. Draughtsman resigned unexpectedly (8); 31. Bring down 26 and get a French throne (6).

Solution to puzzle No. 4,790

## TV/Radio

BBC 1

+ Indicates programme in black and white.

9.05 am *Sesame Street*. 9.30 *Swap Shop*. 12.12 pm *Weather*. 12.45 pm *Grandstand* including 12.45 News. *Focus* (12.20): Racing from Wetherby (1.20, 1.50); World Skiing Championships from Haus, Austria at 1.10 and 1.40; World Bobsleigh Championships from St Moritz at 1.40, 2.10; Rugby (2.20) from Twickenham; England v Ireland plus Wales v France; Europe Ice Figure Skating Championships from Lyons, France (3.55); 3.45 Half-time football scores; 4.35 Final Score. 5.10 The All New *Plunk Panther Show*. 5.30 News. 5.40 *Sport*/Regional News. 5.45 *Kung Fu*. 6.35 *Jim'll Fix It*. 7.10 *Nanny*. 8.05 *The Les Dawson Show*. 8.35 *Dallas*. 9.40 *Match of the Day*. 10.40 *Parkinson* with his weekend guests. 11.40 *Golden Soak* by Hammond Innes.

**REGIONAL VARIATIONS:** Cymru/Wales — 12.15-15.10 pm Grandstand as BCB1 except Rugby Union: Wales v France — commentary on the whole match plus England v Ireland — highlights from Twickenham. 5.10-5.45 Sports News Wales. Scotland — 9.05-9.30 am *Mag*. 5.40-5.45 *Scoreboard*. 9.40-10.40 *Sportscene*. 12.30 am News and Weather for Scotland. Northern Ireland — 5.00-5.10 pm *Scoreboard*. 5.40-5.45 *Northern Ireland News*. 12.30 am Northern Ireland News Headlines.

England — 5.40-5.45 pm (South-West only) *Saturday Spotlight*. 10.10-11.50 am and 12.15-2.20 pm *Open University*. 10.05 Saturday Cinema (1): "Against the Wind" starring Robert Beatty, Simon Signoret, Jack Warner. 4.35 The Play Away Square Tomato Show. 5.00 Saturday Cinema (2): "The Glass Mountain", starring Michael Denison, Dulcie Gray. 6.35 Oxford: the Other Image. 7.05 News and Sport. 7.25 Did You See...? 8.05 Ceremonies and Rituals.

9.45 Film International: "Josephine." 11.35 *The Light of Experience*. 11.50 News on 2. 11.55-1.30 am *Midnight Movie*: "A Night to Remember."

## LONDON

8.35 am *Sesame Street*. 9.35 *Thunderbirds*. 10.30 *Tiswas*. 12.15 pm *World of Sport*: 12.20 *On the Ball*; 12.45 *Skiing*; 1.15 *News*; 1.30 *The ITV Seven from Kempton and Stratford*; 3.10 *Swimming*—*The Speedo Meet* from Amersfoort, Holland; 3.30 *Athletics*—*The Los Angeles Times* Games; 3.45 *Half time* soccer news and reports; 4.00 *Wrestling*; 4.50 *Results*. 5.05 *News*. 5.15 *Happy Days*. 5.45 *Dick Turpin*. 6.15 *The Gondola* starring Tim Brooke-Taylor, Graeme Garden and Bill Oddie. 6.45 *2-3-2* presented by Ted Rogers. 7.45 *Hart to Hart*, starring Robert Wagner and Stefanie Powers. 8.45 *News*. 9.00 *The Darker Side of Terror*, starring Robert Forster, Adrienne Barbeau and Ray Milland. 10.45 *London News Headlines*, followed by *Johnny Carson's Tonight Show*. 11.45 *Close Personal Choice* with Quentin Crisp.

All IBA Regions as London except at the following times:

## ANGLIA

9.00 am *Sesame Street*. 10.00 *Sport*. 11.45 *The Learning Year*. 12.15 am *At the End of the Day*.

9.00 am *Cartoon Time*. 9.10 *Sport*. 9.40 *Thunderbirds*. 12.13 pm North East News. 5.15 *Uster Weather*. 5.45 *Uster News*. 5.55 *Uster Weather*. 10.45 *Golden Hour Calls*. 12.15 am *Three's Company*.

**BORDER** 9.35 pm *Thunderbirds*. 5.15 pm Mr Merlin. 7.45 *Magnum*. 10.45 *Louie*.

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# Verdict of the marketplace

IN THE END Sir Freddie Laker has crashed, as noisily as he rose to prominence in the first place. But the surprising thing is not that the financial pressures have at last proved overwhelming, but that such a flimsily capitalised enterprise as Laker Airways was ever able to achieve such size and influence. The whole affair says much about the structure of the international banking system, and the ability of an ambitious entrepreneur to exploit it.

Since 1977 Laker Airways has borrowed massively, increasing its debt from some £25m to a final total of over £200m. Sir Freddie has built up a fleet of 14 modern wide-bodied jet airliners, and had another seven on order before their recent cancellation. All this was on a slender equity capital base, which last March was given in the balance-sheet as about £25m. But even this modest figure owed a significant amount to the favourable effect of currency swings. Since then the sterling-dollar pendulum has swung the other way, aircraft values have collapsed in the recession, and Laker Airways has been wiped out.

**Risky**  
Why were the banks ever persuaded to finance such an enterprise in what is, on any analysis, an extraordinarily risky industry? It is not as though there were no precedents for collapse: the 1974 failure of Court Line ought to have been of great concern in the bankers' memories.

Plainly, part of the explanation must lie in the sheer persuasiveness and strength of personality of Sir Freddie himself. But the key factor is the mushroom growth of international banking, fuelled by OPEC deposits, and leading to an intensive search for new lending opportunities. Aircraft are large and expensive, and gobble up capital. But such has been the need of lending executives to arrange credits that size has involved no disadvantages.

A further factor has been the attitude of Governments in countries like the U.S., France and Britain. There is much prestige attached to successful aircraft industries, not to mention jobs. Bankers have therefore often been under political pressure to support aircraft and aero-engine sales, and indeed subsidies are often available.

While the more technologically advanced countries have been promoting aircraft sales, a similar phenomenon has been seen in the activities of many less developed countries in the shipbuilding industry. Ships are also large earners of foreign exchange and the construction of them generates much employment.

Shipbuilding projects are eminently suitable for development as large-scale state-funded schemes. Imagine how much more difficult it is for governments to develop, say, toy-making or computer software industries which require a huge

## Hulks

Rows of gaily-coloured DC-10 jetliners will now stand empty on some distant airport, just as lines of rusting supertankers float in Norwegian fjords and, indeed, the silent hulks of half-finished chemical plants are dotted about Poland. All of them are testimony to the failure of the international banking system to link up capital with consumers and to match money with management.

As an innovator in an industry characterised by government controls and price-fixing cartels, Sir Freddie Laker brought trans-Atlantic air travel to a new public. He became probably the best-known British businessman overseas; his buccaneering spirit won thousands of admirers. But like other buccaneers he took enormous risks. His mistake was probably to seek to grow to such a size that the major airlines were bound to hit back hard. A man who sought to exploit the capital markets on such a huge scale has to accept the verdict of those markets. But it would be a tragedy if the spirit of innovation and the more competitive environment which Laker helped to create were to disappear along with his company.

"I SAID to myself—Laker, you are an innovator. You have innovated the airline business. Now you must innovate the banking business."

With these words last August Sir Freddie Laker started fighting the battle of his life. After more than 40 years in the business, the man who brought cheaper air fares to thousands of travellers was threatened with problems even he could not surmount.

The battle went on for more than five months until yesterday, when, in the small hours of the morning, Sir Freddie gave up.

When the Receiver was appointed yesterday by Clydesdale Bank, the Midland subsidiary which is Laker's main bank, the airline had £220m of long-term dollar debt plus a £9m Clydesdale overdraft. Liabilities outstripped Laker's total assets by more than £20m.

But the end of Laker Airways was not brought about merely by its enormous borrowings and chronic undercapitalisation. The airline was affected by a number of factors, ranging from gathering alarm on the part of the travelling public to what one banker described yesterday as "mismanagement of the business."

The ebullient Freddie Laker has always been a salesman and a self-publicist. As plain Freddie, he began his working life at Short Brothers' flying boat works at Rochester in 1938, sweeping the factory floor.

During World War Two, he served in the Air Transport Auxiliary, learning to fly and becoming a flight engineer. After the war, he worked for a time for British European Airways, and then for London Aero Motor Services, but primarily he worked for himself, buying virtually anything that promised a profit.

He gambled on fruit in a cherry orchard while it was still in blossom picking it himself and selling it; he sold seedlings from the back of a van; and he bought spare aircraft radio equipment. He did so well that he decided to carve out a career on his own, setting up Aviation Traders in 1947 on his own limited cash and a loan from a friend of £28,000.

His first big breakthrough came with the Berlin Air Lift in 1948, when flying Halfax aircraft (bought surplus from British Overseas Airways Corporation) he made 2,577 round trips and carried 11.6 per cent of everything that went into Berlin.

In 1951 he set up his first airline, Air Charter, and then in 1953 the Channel Air Bridge, flying cars across to the Continent from Southend.

In the great re-organisation of UK civil air transport in the late 1950s, he sold his airline activities to Airwork, which put them together in a big new consortium, British United Airways.

But the recession was beginning to bite with a devastating effect on other airlines. Pan American was almost brought to its knees last year and British Airways would have gone under without huge injections of taxpayers' money.

Traffic became tougher to get as old rivals in the airline business stepped up their own fight against him. The most damaging anti-Laker move was by British Airways. Pan American and Trans World last

November when they cut their own Atlantic fares to match his.

At the start, he worked quietly and steadily, building up Laker Airways in the holiday charter market, buying his first fleet of One-Elevens and steadily expanding it. It was the heyday of post-war expansion in world air travel and Laker prospered.

Freddie Laker began to dream of greater things—the notion of the transatlantic Skytrain was born at that time, but even he did not expect that it would take him ten years of battering at governments and the air transport establishment before he could implement his plans. It was only after a bitter battle, culminating in a legal action against the UK Government in the High Court which he won, that he was able to launch Skytrain at cut-rate fares to New York in September 1977. The following year he received a knighthood.

Since then North Atlantic air travel—and, indeed, all air travel—has never been quite the same. Skytrain expanded from New York to Los Angeles, Miami and Tampa. The fleet of DC-10 jets grew to 11, and to meet his expansion in European holiday travel markets Laker invested in the first of what was intended to be a fleet of 10 A-300 Airbuses. Laker even dreamed of a globe-girdling Skytrain.

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November when they cut their own Atlantic fares to match his.

By that time Sir Freddie's troubles were already making headlines. In the summer he had disclosed that the dollar-sterling exchange rate had wreaked havoc with his 1981-82 budget.

The problem, he said, was that on the advice of his bankers he had planned for repayment of his huge dollar borrowings at a rate of \$2.25 to the pound. He wanted his debts rescheduled.

What Sir Freddie did not say was that his airline, a private company in which he held a 90 per cent stake, had borrowed so much money to purchase aircraft that his borrowings represented seven times the value of its equity base.

The debt came from three sources: Laker had taken out a \$225m nine-year loan in 1980 from a group of North American banks to help purchase five McDonnell Douglas DC-10 aircraft. The loan was led by Export-Import Bank, the U.S. Government-backed bank and included \$46m worth of debt guaranteed by McDonnell Douglas and \$10m guaranteed by General Electric of the U.S.

The second major syndicate led by Midland Bank International, included 13 banks. All of its \$131m of loans was earmarked for three A-300 airbuses from Airbus Industrie, the European consortium.

The third loan syndicate was a group led by the Bank of Tokyo.

By early September, Sir Freddie's public call for debt rescheduling had stimulated a series of bank syndicate meetings. The Civil Aviation Authority, mindful of its duty to monitor the finances of British airlines, had expressed its concern to Laker's bankers.

In early October, as talks continued among the bankers, the Clydesdale Bank asked its

parent—the Midland—if it had any objection to Clydesdale providing a £5.2m bond for Laker travel companies. This bond, much larger than the previous one, was approved.

But Laker's cash flow difficulties continued to mount. Laker's account was still in credit in the autumn, but Clydesdale was soon providing Laker with a steadily increasing overdraft. The decision to approve the rising overdraft and the higher bond was taken by the Midland Bank at board level.

They decided that rescheduling was a waste of time because the company was going to go down anyway," remembers McIntosh.

The next big plan was to bring in a "partner"—some one who would inject sorely needed cash and help stabilise the floundering airline. The need became more urgent in November as load factors dropped dramatically below Laker's troubled balance sheet.

This strategy failed as well.

"We've had three or four times when it looked like a break," says McIntosh.

By early December, Montagu, Laker and the bankers were also consulting with Mr David Walker, the Bank of England's senior official in charge of industrial finance.

The new calculations suggested that Laker would require far more than the £6m in new cash McDonnell Douglas was offering as a loan. Simply in order to get through the period to March 31, the airline would have needed up to £10m in cash.

Midland stepped in and told Clydesdale it could not extend the overdraft beyond £9m.

On Wednesday, the Civil Aviation Authority, having seen the dreadful late January trading figures, contacted Midland Bank to express its concern.

McDonnell Douglas' representatives in London to finalise the package, noted at the figures and said nothing.

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## PERSONAL CAR IMPORTS

## Why the British pay 'more' for their cars

By Kenneth Gooding, Motor Industry Correspondent

"Car manufacturers are all very unscrupulous merchants, excellent at riping off the British public with cars sold at excessive prices in the UK and at nearer true value on the Continent. Service and spare parts are also a complete rip off."

"Hundreds of millions of pounds have been made available by the Treasury to keep BL and its suppliers in business. That business appears largely redundant for its visibility in inflated costs for new cars which characterises the UK market. The UK tax payer is twice fleeced—the first time without choice through the Treasury prints and the second time when he buys a new car. Can there be other situations where the public are paying someone to rob them?"

THESE COMMENTS, chosen at random from the many letters I have received on the subject, show just how angry some people have become about the large difference in prices for new cars in Britain and on the Continent.

Mr Michael Herbert bought a Mercedes in Germany for about two-thirds of the tax-free British price. He had no difficulty bringing the car through Customs at Dover where he handed over the UK tax and special car duty.

But when he tried to get the car licensed by the Department of Transport, Mr Herbert ran into the main obstacle to unofficial car imports of the type he was attempting: he needed a "type approval" number.

In crude terms type approval requirements ensure that certain standards of design, construction and environmental protection have been met by the manufacturer.

It costs the car makers or

their UK importers considerable sums to put every model through the tests.

The manufacturer or distributor then guarantees that each one of the cars it sells is the same as the example which passed the type approval test by giving each and every car a so-called sub-MAC number.

So before setting off to import your own new car it is essential to make sure you can get a sub-MAC number for it.

And this is just what Mr Clive Stockley tried to do. He thought he would save his company money by buying a new Ford Granada in Germany, saving around £1,500 on the UK price.

"I spent weeks trying to find someone at Ford who would help me (obtain a type approval number). I must have spoken to 20 people and eventually ended up with the man I'd first spoken to. I just gave up."

But you cannot eliminate the entrepreneurial spirit and a way round the type approval problem was found. The regulations allow people who have been living or working overseas to bring their own cars back with them to Britain and license them without having to give a type approval number.

This regulation was designed for servicemen and businessmen but does not specify how long the car has to be owned and registered them in the name of a corporation.

All that is necessary, it seems, is to drive a car from a Belgian showroom to the coast for tax-free.

This loophole has its drawbacks. First it means that local VAT has to be paid on the car. But such is the price difference



HOW CAR PRICES COMPARE—NET OF TAX

Make and Model	DK	LUX	B	NL	WG	F	IRL	UK
Alfa Romeo Super 1350	2,471	4,915	4,857	4,257	4,894	5,267	5,877	6,894
BMW 320	5,240	7,209	7,122	6,973	7,329	8,016	8,815	10,130
Citroen GSA Club	3,363	4,642	4,605	4,404	4,873	5,243	5,125	6,320
Fiat 132 2000	3,785	5,714	5,703	5,249	5,839	5,987	7,491	8,199
Ford Escort 1.3 L	3,485	4,136	4,366	4,155	4,459	4,671	6,364	
Ford Granada 2.3 GL	7,079	7,354	7,465	7,905	8,532	8,925	13,011	
Honda Prelude	5,192	5,527	5,471	5,243	6,190	6,017	8,221	
Jaguar XJ6 4.2 Auto	16,388	14,989	16,077	15,154	17,124	17,785	20,893	24,288
Mercedes 230 E	9,838	9,422	9,549	10,181	8,969	10,678	14,175	
Mini Metro HLE		3,866	3,815	4,089	4,190	4,553	5,963	
Peugeot 305 GLS	3,168	4,848	4,978	4,877	4,877	5,674	6,563	
Renault 5 GTL		3,933	3,923	3,869	4,079	4,337	4,759	5,810
Rover 3500	9,117	10,791	10,770	11,619	12,003	19,785		
VW Golf 1.5 GLS Auto	4,595	5,013	5,032	5,208	5,232	5,652	5,902	7,803

\* Currency amount for one ECU: Danish krone 7.84; Luxembourg franc 41.36; Belgian franc 41.36; Dutch guilder 2.81; German mark 2.63; French franc 6.05; Irish pound 0.69; pound sterling 0.54.

Source: BEUC survey of June 1981

in some markets—like Belgium—that it is worth paying the local VAT, then UK duty and tax on top.

Second, the car has to be owned by a person, not a company. And the majority of people who drive high-priced cars in Britain have bought them with company money and registered them in the name of a corporation.

Third, the car has to be registered with the UK-type approval number more readily in the future.

Once that information is generally available, it will be more convenient for purchasers to register individually imported cars in the normal way—that is, showing compliance with the EEC competition laws. Nothing in the laws says they have to deliver quickly it seems.

people genuinely making a change of address, for whom it was provided," said Mr Howell.

The question is: will this make any practical difference?

Potential purchasers of right-hand-drive, British-specification cars on the Continent increasingly found they would have to wait many months for delivery.

In the meantime they were required to put up large deposits.

Car companies seem to take the view that if they accept an order they are complying with the EEC competition laws. Nothing in the laws says they have to deliver quickly it seems.

## What the market will bear

INSULATED by the Channel, British car manufacturers set the pace with comparatively high car prices in the 1960s and 1970s. When importers began to build up their presence they followed the local lead.

It is good business to charge what the market will bear and Britain apparently will bear more than most, probably because so many new cars in the UK are bought by companies rather than by private individuals.

Even so, the differential between the UK and other Continental countries was not all that large until the end of the 1970s when sterling became a petro-currency and stopped reflecting Britain's inflation rate and loss of competitiveness.

As Mr Ernie Thompson, Ford of Britain's director of marketing, points out: "Since June 1978 inflation in Britain has increased by 30 per cent compared with 12 per cent in Germany yet the pound has appreciated against the Deutsche Mark by around 10 per cent."

BL's chairman, Sir Michael Edwards, estimates that between August 1978 and August last year the loss of competitiveness was over 50 per cent against West Germany, 35 per cent against France and 25 per cent against Italy.

Car prices in Britain in

1979 and 1980 mainly went up in line with inflation.

As the big gap between British and Continental prices became common knowledge, however, pressure has been building up for a quick reduction in the UK.

But the UK motor industry has been telling the Government in no uncertain terms that it is uncompetitive, that any sudden cut in prices would effectively wipe out not only the British car manufacturing business but also the component exports of £2bn.

Mr Thompson provided a practical illustration, taking as his example Ford's German-built Granada. "If we priced the Granada models the same as in Germany we would end up with a Granada which was cheaper than a British-built (smaller) Cortina. We would do a bomb on the Granada if we charged German prices, but then we would not sell any Cortinas and where would that leave our Dagenham plant where the Cortina is produced?"

"We can't do anything about the value of the pound or inflation. The only thing we can do is raise productivity and spread our costs over a larger volume base. But we can't do it overnight. Of course, it is also true that this makes importing highly profitable."

While the British Government appears to have accepted the industry's arguments, the European Commission seems to be in more of a hurry. For the pricing problem is one that affects all the European markets, not just the UK. A report prepared for the European con-

siders' organisation, the Bureau Européen des Unions de Consommateurs (BEUC), pointed out that prices before tax in Denmark are 20 per cent less than in Belgium, 27 per cent less than in Germany, 30 per cent less than in France and, as far as BEUC could judge, 32 per cent less than in Italy. The UK was branded "the most expensive country in the EEC" with pre-tax prices 90 per cent higher than those in Denmark.

New the European Commission has produced a draft regulation which would attempt to limit the difference in before-tax prices to no more than 12 per cent between the least and most expensive EEC markets.

The industry still has to be presented with the formal proposals but already is gearing itself for a battle.

But BL for one seems to be accepting the inevitable. Sir Michael Edwards told Parliamentary Committee two weeks ago that his group had revised its estimates about the prices it would be able to charge. And this was one of the main reasons that BL's predicted profits for the 1982-1983 period were now £200m this time last year.

Sir Michael admitted BL

"must get closer to Continental prices—we must paddle upstream against the UK rate of inflation." He pointed out, though, that many car manufacturers were making heavy losses on their Continental sales because prices there were too low. "We expect prices on the Continent to rise and help close the gap with those in the UK."

Stockton lecture given by Mr Len Murray, TUC General Secretary, entitled A trade union view of the role of Government in industrial strategy, at London Business School, N.W.1.

**FRIDAY:** Retail prices index for January. Tax and price index for January. Usable steel production figures for January. Building Societies' annual dinner at Grosvenor House, W.1. CBI issues Budget recommendations.

**WEDNESDAY:**

Lords debate

local rates. TUC economic committee meets.

**THURSDAY:**

Aslef train drivers strike.

EEC textile

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meets in Brussels.

Commons debates overseas development. Second 1982

141.

## Economic Diary

ing in Basle. President Reagan delivers Budget statement to Congress. US-EEC meeting on agricultural trade in Washington. Tea exporting countries meet in New Delhi to discuss allocation of global export quotas.

**TUESDAY:** Central Government transactions (including borrowing requirement) for January. Provisional wholesale price index figures for January. Final December retail sales. Hire purchase and other instalment credit business for December. Lords debate EEC directive dealing with the annual accounts of banks and other financial institutions. Central Bank Governors meet-

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## 'Beneficial change' at Smith St Aubyn

SMITH ST AUBYN, the discount house which lost nearly £20m on its gilt-edged operations last year, says that there has been a "material beneficial change" in the company's position and an unaudited assessment as at January 20 1982 indicated that there was no longer any loss of share capital.

Mr Jeremy Smith, the chairman, told shareholders at yesterday's extraordinary general meeting that "if this situation continues, the company may well be in a position" after the adoption of the audited accounts for the year ending April 5 1982 to pay the dividends on the company's preference shares.

The company announced last month that it was having one-for-one rights issue to raise £2.6m following the disclosure that its losses on its gilt-edged operations had extinguished the group's inner and published reserves.

Smith St Aubyn has been one of the fastest-growing discount houses in recent years, but came badly unstuck in the gilt-edged market last year when it made the "wrong assessment" about short-term interest rate movements.

A number of shareholders were critical of Smith St Aubyn's management at yesterday's extraordinary general meeting called to vote on resolutions to increase the authorised share capital. However, both motions were carried and Mr Smith had proxies covering 1.1m shares in his favour.

He said that a management re-organisation was being undertaken. However, there would be no board resignations.

Smith St Aubyn's shares rose 6p to 48p yesterday after touching 56p.

## African Lakes falls to £0.4m

LOSSES MADE by the advertising subsidiary of the African Lakes Corporation and reduced profits from its Malawi operations, caused taxable profits to fall from £772,943 to £441,495 in the year to July 31 1981. Turnover for the 12 months dropped from £10.01m to £9.52m.

At the half-year stage, the pre-tax profits of this group, which operates as a trader and planter of tea, rubber and other crops, and is engaged in general trading, the motor industry and advertising, were £252,771 (£21,487) and turnover stood at £5.01m (£4.51m).

The year's single dividend is being increased from an adjusted 1p net per 25p share to 1.5p last year there was a one-for-10 scrip issue. Stated earnings per share for the 12 months under review fell from 7.45p to 3.65p.

The directors say that the reduced profits from the Malawi operations resulted from adverse economic circumstances and an unfavourable exchange rate.

Taxable profits included a share from associates of £32,975 (£51,411). Tax took £124,249 (£26,248) and after debts for minorities of £163,948 (£19,394) and for extraordinary items of £31,488 (£nil) the attributable profits emerged at £121,812 (£31,401).

The extraordinary items consist of: (a) the group's share of a write-down in the value of an investment in Malawi; and (b) the group's share of a deficit arising from the revaluation of freehold property and farms owned in Zimbabwe by an associate.

## Drayton Far Eastern slips to £152,800

Although tax was down from £237,905 to £211,811, net revenue of Drayton Far Eastern Trust fell from £229,888 to £202,821 in 1981.

The final dividend is unchanged at 0.8375p for a same-again total of 1.2375p. Net asset value per 25p share improved from 75p to 81.5p.

The directors point out that the final dividend is being maintained on capital increased by the rights issue. They say, however, investment policy is aimed primarily at achieving maximum capital growth and in view of low yields on most Far Eastern stocks, no assurance can be given that the level of dividends will be maintained in later years.

## Upturn seen by Arthur Guinness

The annual meeting of Arthur Guinness Son & Co, the brewer, heard Mr Simon Lennox-Boyd, deputy chairman of the company, offering reassurance that "the benefits of the actions we have taken are starting to come through."

Mr Lennox-Boyd, who spoke in the absence of the Earl of Iveagh, the chairman, added that "profits in 1982 ought to recover from last year's level to a more satisfactory figure" — provided that demand for the company's product was not "unreasonably affected" by budgets in its main operating countries.

## Assoc. Fisheries recovers to £2m

RATIONALISATION measures taken by Associated Fisheries during 1978-80 have largely averted a recurrence of that year's heavy losses in the 12 months to September 30 1981, and the group's financial costs were reduced by a conservative approach to capital expenditure and working capital, the directors say.

Taxable profits of this group, which is involved in operating and managing fishing vessels, fish and other food processing, and importing, exporting and wholesaling fish products — recovered during the year from £500,000 to £2m. Turnover however was lower at £93.64m compared with £103.63m.

Interest charges (less other income) fell substantially from £534,000 to £68,000. With earnings per 25p share stated higher at 7.85p (2.74p) the final dividend is being raised to 1.75p net making a total of 2p (1.75p).

The directors say that it is not yet possible to predict the outcome of the current financial year, which will largely depend on the general level of economic activity and the extent to which the prevailing difficulties of the

### DIVIDENDS ANNOUNCED

	Current payment	Corre	Total	Total
		payment	of spending	last year
African Lakes	1.1	—	1.1	1*
Assoc. Fisheries	1.75	0.75	2	1
D. F. Bevan	0.35	0.25	—	0.85
Brit Amer & Gulf	1.58	1.43	2.5	2.35
Brit Boulton	1.2	—	3	5
Drayton Far East	0.84†	0.84	1.24	1.24
English Assn. ....int 1	April 9	0.63*	—	3*
Glasgow Stkholders	1.4	March 23	2.35	2.12*
ML Holdings	int 2	April 17	2	7

Dividends shown pence per share net except where otherwise stated.

\* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

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During the 12 months under review the fishing industry was exposed to continued unresolved external problems, and the group's trawling interests would have made further very substantial trading losses if Government support had not been received.

The taxable profits included £105,000 (£22,000 profit). There was a tax credit of £1.02m (£384,000) which incorporates a

credit of £1.62m arising from the release of deferred tax for stock relief. Had this release been included in the earnings per share figure the directors say earnings would have amounted to 17.05p.

After credits for minorities of £2,000 (£119,000) and extraordinary items of £12,000 (£132,000) the attributable profit emerged at £3.15m (£540,000). Dividends absorbed £377,000 (£302,000), including £27,000 (same) preference distributions, leaving £2.77m

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# SUMMARY OF THE WEEK'S COMPANY NEWS

## Take-over bids and deals

Fisons sold its troubled fertiliser division to Norsk Hydro, Norway's biggest industrial company, in a £25m cash deal. As a result, Fisons' share price, which had already tumbled at the end of 1980, will return to a reasonable level of gearing. From the stock market point of view, Fisons is now seen as a likely takeover target and the deal sparked considerable speculative activity in the company's shares which have risen 63p to 245p since the deal was announced last Monday.

ICI made an agreed 180p per share cash bid for Arthur Holden, the Birmingham-based paint company, valuing the latter at £12.5m. Last month, International Paint, the Courtaulds subsidiary, paid 150p per share for a 12 per cent stake in Holden and stated that the investment was in accordance with its belief that a strong international business could be created by a closer relationship between the two companies. The Holden directors speaking for about 27 per cent of the shares made it plain that they would not welcome a merger with International Paint.

Deals in the shares of Leadenhall Sterling resumed on Tuesday at 120p compared with the January 22 suspension price of 85p following the announcement that Hays Group, the property and chemicals distribution company owned by the Kuwait Investment Office, had made an agreed £5.6m bid for Leadenhall which is part of British and Commonwealth Shipping. Hays is offering 125p per share cash and this has been accepted in respect of 79.3 per cent of the equity.

P. C. Henderson, the specialist doors manufacturer, emerged as the bidder for Normand Electrical, the loss-making electric motor and power transmission company. The terms: 8 new Henderson shares plus 420.5p cash for every 28 Normand shares, value the latter at approximately 55p per share and the Normand capital at about £4.8m. The offer is virtually assured of success with irrevocable and indicated acceptances already standing at over 50 per cent of the Normand shares.

Stenhouse Holdings, the Glasgow-based insurance broking group, acquired the New York broking firm of Schiff Tertius International for £7.95m.

Prices in pence unless otherwise indicated.

Company bid for	Value of share** price**	Price before bid	Value of bid £m's*	Bidder
Prices in pence unless otherwise indicated.				
Assoc. Comms. 'A'	68*	74	52.7	Bell Group
Assoc. Comms. 'A'	85*	74	46.13	Heron Corp.
Bazalona Hldgs.	700*	180	245	1.75
Calderdale (G. M.)	95*	92	56	5.75
City Offices	131.5*	123	110	35.12
Colonial Seas.	73*	68	54.77	Utd. Newspapers
Croda Dfd.	70.4*	82	43.2	Burmah Oil
Elliott F'rs* <sup>†</sup>	39	55	21	3.90
Grant Bros.	190*	183	42	5.14
Heron Motor Grp.	34*	31	23	Burmah Cattell
Holden (Alex.)	180*	192	153	12.82
Huntley & Piner.	102.8*	107	106	Heron Corp.
Langdale Esks.	36*	52	29	Alexander Svrs.
Leadenhall String.	126*	120	65.11	Sturt Hldgs.
New Syntex	200*	220	225	5.62
Normand Electr.	57.8*	55	41.11	Bon Marche Line
Oldham Brew.	183	158	91	5.13
Pyramid (Pershs.)	60*	571	60.77	Henderson (P. C.)
Speedwell Gear				Starwest Inv.
Case	15*	17	23	Jadepoint
Ward (T. W.) <sup>†</sup>	22.7	235	144	1.28
Williams (W.)	25.11*	26	11.11	Astra Ind.
			0.85	Price (C.)

\* All cash offer. <sup>†</sup> Cash alternative. <sup>‡</sup> Partial bid. <sup>§</sup> For capital not already held. <sup>\*\*</sup> Based on February 5 1982. <sup>††</sup> At suspension.

\*\* Estimated. <sup>†††</sup> Shares and cash. <sup>††††</sup> Unconditional.

## INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£m'000)	Interim dividends per share (p)
Cowan de Groot	Oct	421	1.0 (1.0)
Electronic Mchn.	Oct	60	— (—)
Flag Investment	Sept	462	— (—)
Grimsdale Hldgs.	Sept	264.1	74.1 (—)
Hillards	Nov	2,220	1.0 (0.75)
Howard Shtrngs.	Oct	227	0.54 (0.53)
Longton Ind.	Sept	258.1	— (—)
McKay Securities	Sept	823	1.35 (1.35)
Morley (H. L.)	Sept	15	— (1.0)
Munton Bros.	Oct	168	1.15 (1.2)
NCC Energy	Sept	2,440.1	0.4 (0.4)
Neepsend	Sept	335.1	— (—)
Reed Internat.	Jan	55,700†	— (—)
Reed Steamhouse	Dec	77.51‡	— (—)
Regional Props.	Sept	961	0.8 (0.75)
SEET	Oct	381	1.0 (0.9)
Smith Bros.	Oct	78.81	0.5 (1.0)
Stobart Group	Sept	97.1	— (0.01)
Stonehill Hldgs.	Nov	163	2.0 (4.0)
Textaried Jersey	Oct	325	1.75 (1.75)
United Tech.	Nov	1,470	2.8 (2.52)
Vibrplant	Sept	530	5.25 (5.25)
Whitworth Elec.	Sept	164	— (—)
Wholesale Flings	Oct	1,380	1.21 (1.1)
Zetters Group	Sept	470	0.88 (0.88)

(Dividends in parentheses are for the corresponding period.)

\*\* Dividends shown net except where otherwise stated. <sup>†</sup> For nine months. <sup>‡</sup> For first three months. <sup>††</sup> Loss.

## PRELIMINARY RESULTS

Company	Year	Pre-tax profit (£m'000)	Earnings per share (p)	Dividends* per share (p)
Blundell Permag.	Oct	2,050	19.2 (5.3)	5.6 (4.8)
IDC Group	Oct	1,220	10.40 (2.9)	5.57 (5.06)
Giamond Lwrs.	Sept	138	1.29 (0.1)	— (—)
London Univer.	Sept	225	1.2 (0.1)	— (—)
Prestige Corp.	Dec	6,820	21.3 (19.2)	6.88 (6.88)
St. Agnus	Nov	4,130	4,450 (4,450)	14.75 (14.75)
United Glass	Nov	6,230	5,570 (5,570)	— (—)
Western Selection	Sept	420	3.8 (4.1)	2.3 (2.3)
Wstminster, Prop.	Sept	431	1.9 (0.9)	0.63 (0.2)

## Offers for sale, placings and introductions

Barclays Bank—Is raising £100m through a placing of a 25-year unsecured loan stock bearing a 16 per cent coupon, at par.

Imperial Business Systems—Is coming to the Unlisted Securities Market by way of a placing of 325,000 ordinary shares at 90p a share. A lining for one scrip issue before dealings commence will result in an effective placing price of 90p a share.

## Script Issues

Reaper Holdings—Proposes to issue new "A" shares on the basis of one for every two ordinary and preference shares on the basis of one £1 share for every four ordinary or "A" shares.

Y. J. Lovell—One for one.

## Rights Issue

Y. J. Lovell—Is raising £3.78m by way of a one for four rights issue at 230p per share.

## Poorer outlook for Greenall

AT THE company's AGM Mr Christopher Hatton of Greenall Whitley and Co., Warrington-based independent brewer, said figures were down for the first quarter of the current year.

He expressed the view that it would be difficult for the company to maintain profits at the same level as last year.

Referring to the recent acquisition of seven bingo halls, he said that gaming board consent to the transfer of the bingo licences had now been obtained.

New capital expenditure improvement schemes were planned at the Selfry Hotel and golf complex in the Midlands, which was now totally owned by Greenall.

On future diversification policy, Mr Hatton said the company was looking into a number of areas and would be announcing further plans as they come to fruition, since the board strongly believed there was a case for "hedging bets" in this way to cope with changing consumer habits.

He added that given improved trading conditions, he was confident that the company would continue to make further progress.

At other AGMs chairman reported as follows:

At Matthew Brown Mr Patrick W. Townsend told shareholders that beer sales in the current year had suffered from the exceptional winter weather and the continuing recession.

Volume was again down on last year. The improvement of existing tied outlets was receiving increased attention and the acquisition of new outlets was a major objective.

Mr J. G. Collyer, chairman of AE said that "although most



Mr Christopher Hatton  
Greenall Whitley chairman

mannance generally, but clearly not yet satisfactory.

Above all, he said, the company needed extra volume. "I can promise that the half-year situation will not be the disaster we faced last year," he added.

Overseas operations of J. H. Fenner and Co. (Holdings) have maintained their forward momentum in the current year and overall prospects look promising.

Looking further ahead, Mr Joseph Palmer, chairman of this power transmission engineer, said at the AGM that he was confident steps taken to reshape and streamline the group would stand it in good stead for the future.

In the opening months of the current year, some modest recovery had been apparent in UK business, he stated, but it had been less pronounced than hoped for.

The main problem was the inherent weakness in home demand, and Mr Palmer believed attainment of group targets depended upon national economic progress in the coming months.

The slight upturn which had so far been evident was currently threatened by potential disruptions in important industrial sectors which left the position finely balanced, he said.

Restructuring of the group's operations was continuing in a number of areas, he added.

As previously announced, Mr Palmer retired as chairman after the meeting and was succeeded by Mr P. W. Barker.

At Dubbier trading in the first four months of the current year was in line with expectations and the first half should be satisfactory, Mr Ronald G. Hooker, the chairman, said.

The level of order intake of this manufacturer of electronic components was higher

## CONTRACTS

### BSC wins platform order

A key series of forgings for a new design of deep sea production platform will be made by BSC's River Don Works in Sheffield. The contract, worth £1m, is for the supply of forgings for a tension leg platform to be placed in the North Sea in 1984 by Conoco. Production of the 200 forgings, weighing over 1,000 tonnes each, has been preceded by the manufacture and testing of full-size test pieces. The project is intended by Conoco's Hutton Field, which is being developed, to become a floating platform firmly attached to the seabed and is itself a prototype designed to develop a method of producing oil from water depths too great for platforms of conventional design.

Each leg is composed of a string of 13 forgings, 10 metres long, weighing 5 tonnes each. The forgings are hollow and treated at each end. They will be forged by Fifth Brown and subsequently machined and heat treated in the River Don Works where the order is expected to provide about 60 jobs.

Stockton-on-Tees firm, Harkers Engineering, has placed orders for two CNC machining centres valued at over £375,000, with Scottish manufacturer, GIDDINGS AND LEWIS-FRASER.

Barclays Life Assurance, one of the companies within the Barclays' Unicorn Group, has installed an ICL computer system worth £750,000. The computer is being used initially to develop the Barclays' Unicorn Group's own computer systems using a floating platform firmly attached to the seabed and is itself a prototype designed to develop a method of producing oil from water depths too great for platforms of conventional design.

Each leg is composed of a string of 13 forgings, 10 metres long, weighing over 5 tonnes each. The forgings are hollow and treated at each end. They will be forged by Fifth Brown and subsequently machined and heat treated in the River Don Works where the order is expected to provide about 60 jobs.

The directors report that for the rest of the current year, management accounts indicate that the first-half loss has already been wiped out and the year as a whole is expected to show a profit.

They are cautiously optimistic that the following 12 months to end March 1983 will show a continuation of this encouraging trend.

The interim dividend is unchanged at 0.25p net per 5p share—last year's final was 0.6p.

The group's activities include non-ferrous metal trading, casting and general engineering, steel stockholding and processing.

A dividend of 8 cents has been declared from earnings of 30.7 cents a share. In 1980 earnings were 25.8 cents and the dividend 5.5 cents. Quinton's South African management has no idea what Burmah plans to do with the company except that it eventually plans to divest itself of ownership.

The annual figures mask a change in the company's recent trading pattern in the second half. Pre-tax profit of £162m in the last six months of 1981 was 3 per cent lower than in the corresponding period of 1980.

## Companies and Markets

## NEW YORK

Stock	Feb. 4	Feb. 3	Stock	Feb. 4	Feb. 3	Stock	Feb. 4	Feb. 3	Stock	Feb. 4	Feb. 3	Stock	Feb. 4	Feb. 3	Stock	Feb. 4	Feb. 3
ACF Industries	354	364	Columbia Gas	30	30	Columbia Gas	4	4	CMCM	6%	6%	Schultz Brew J.	134	135	Schultz Brew J.	134	135
AMF	231	231	Columbia Fict.	594	594	ComBasins Pct.	574	574	MetroIndus	177	174	Schultz Brew J.	134	135	Schultz Brew J.	134	135
AMT	173	173	Combined Int.	214	222	Combust Eng.	31	34	Milton Bradley	191	194	SCM	207	21	SCM	207	21
ARA	28	28	Conn. Edison	303	304	Conn. Edison	31	31	Minnesota MM	654	554	Scott Paper	155	157	Scott Paper	155	157
ASA	404	391	Comm. Satellites	644	644	Conn. Edison	15	15	Motorola Pac	211	214	Sequoia	224	227	Sequoia	224	227
AVX Corp.	144	142	Gulf & Western	164	164	Conn. Edison	15	15	Modern Merch.	91	94	Sealed Power	301	304	Sealed Power	301	304
Abbott Labs.	285	285	Gulf Oil	30	30	Conn. Edison	16	14	Monarch M/T	18	18	Sequoia (GD)	31	31	Sequoia (GD)	31	31
Acme Clever.	218	222	Hall (FB)	20	20	Conn. Edison	16	14	Monarch M/T	18	18	Shea Rockwell	184	184	Shea Rockwell	184	184
Acme Clever.	218	222	Conn. Edison	204	204	Conn. Edison	24	25	Morgan (P)	544	544	Shell Oil	374	385	Shell Oil	374	385
Advanced Micro	173	173	Conn. Edison	24	25	Conn. Edison	24	25	Murphy (GD)	144	144	Shell Trans.	274	274	Shell Trans.	274	274
Astina Life & Cas.	444	444	Conn. Edison	24	25	Conn. Edison	24	25	Harcourt Brace	151	151	Sherwin-Wins.	184	184	Sherwin-Wins.	184	184
Ahmann (H.F.)	116	116	Conn. Edison	24	25	Conn. Edison	24	25	Harris Teiger	107	111	Signal	251	251	Signal	251	251
Air Prod & Chem	356	356	Conn. Edison	24	25	Conn. Edison	24	25	Hartmann	115	115	Sig. Corp.	374	374	Sig. Corp.	374	374
Alcoa	104	104	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Alcoa	104	104	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Alcoa Standard	194	194	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Alexander & Al.	288	288	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Allegion Corp.	272	272	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Allied Corp.	255	274	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Allied Stores	25	25	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Allis-Chalmers	137	137	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Alpha Portd.	124	124	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Alcoa	22	22	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Alma. Sugar	474	474	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Almada Corp.	253	243	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Amerada Hess.	203	203	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Am. Airlines	104	104	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Am. Broadcast	321	321	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Am. Broadcast	321	321	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Am. Cyanamid	284	284	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Am. Elect. Powr.	161	161	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Am. Express	425	425	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Am. Gen. Insur.	394	394	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Am. Home Prod.	552	552	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Am. Hoop. Suppl.	414	414	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Am. Medical Int.	244	244	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Am. Motor Assoc.	514	514	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Am. Petrolina	554	554	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Am. Qassar Pet.	94	94	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Am. Standard	251	251	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Am. Stores	271	271	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Am. Tel. & Tel.	575	575	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Amtek Inc.	25	25	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
AMP	481	481	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Amstar	231	231	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Amstead Inds.	25	25	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Am. Transp. Svcs.	121	121	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Amway	237	237	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Amway	237	237	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig. Corp.	374	374	Sig. Corp.	374	374
Amway	237	237	Conn. Edison	24	25	Conn. Edison	24	25	Haus Mining	145	145	Sig					

## FINANCING COSTS BLAMED

## Cii-Honeywell Bull in the red

By TERRY DODSWORTH IN PARIS

**FRENCH** computer group, Cii-Honeywell Bull, now in the process of being nationalised, dumped losses of FF 480m. (75m) last year despite a 16.6 per cent growth in sales to FF 17.3bn.

The company blamed this reversal—which compared with net consolidated profits of FF 180m last year—on a sharp increase in its financing costs which it attributed to its “severe under-capitalisation.”

“The group was faced with the need to obtain considerable financing to fund both its growth and a temporary in-

crease in certain assets,” it said.

From 1976 to 1981, the company added that it had experienced very rapid expansion as revenue grew from FF 3.1bn to FF 7.3bn. But it was forced to finance most of this growth by high interest bearing debt.

In addition, says Cii, it had to finance an abnormally high level of finished and semi-finished products last year.

Despite its financial problems, however, Cii continued an aggressive investment policy, spending FF 1.5bn last year on new rental equipment and addi-

tional production capacity. Research and development expenditure reached FF 739m, of which 68m was financed through external research contracts.

The group adds that it also hired about 1,800 people during the year, creating more than 900 new jobs in spite of the difficult economic environment. The total workforce now stands at a little over 21,000.

The company went on to forecast an early conclusion to the negotiations between the French government and Honeywell of the U.S. on the deal with the Government.

nationalisation of Cii. It is expected that this will lead to a reduction in the Honeywell stake in the French computer group from 47 per cent to a little under 20 per cent, with the government then becoming the largest shareholder.

Cii said last night that the Government should demonstrate that it intends to make the group the cornerstone of a strong industry in France and across the world.

Honeywell is likely to maintain technical links with the French company as part of the deal with the Government.

## L'Oréal sees 25% pre-tax profit gain

By Our Paris Staff

**L'ORÉAL**, the leading French perfume and beauty products group, expects pre-tax profit to show a 25 per cent increase for 1981, to around FF 890m ( \$148m).

The company said that the sharp rise in its earnings, which are struck before deductions for the employee participation scheme, came as the result of better margins in hair care, cosmetics and hygienic products. Growth was particularly strong among the foreign subsidiaries.

Sales rose by 13.25 per cent to FF 8.65bn, compared with FF 7.55m in 1980. This puts L'Oréal among the biggest half dozen industrial groups which will be left in the French private sector after the nationalisation programme which is about to be put into effect.

Pre-tax earnings in the pharmaceutical division were roughly unchanged, held in check by high research spending which was increased by a third and amounted to one fifth of sales in pharmaceutical specialities.

## Astaire and Co.

**ASTAIRE** and Co., stockbrokers, wish to make clear that its Hong Kong representative is a full member of the Hong Kong Stock Exchange. Like other firms in the same position it has applied for, and been granted, prima facie membership of the proposed new unified exchange in the Colony.

## Court upholds challenge to HBG

By CHARLES BACHELOR IN AMSTERDAM

**THE DUTCH** business court has upheld a challenge by the business pressure group, SOBI, to the accounts of Hollandsche Beton Groep (HBG), the largest Dutch construction company. The court ruled that HBG was wrong to charge the losses incurred by the closure of a minority holding to its general reserve.

The F1.12m ( \$7.4m) liquidation loss which resulted from the closure of the Netherlands Offshore Company (NOC) should have been set against HBG's profit and loss account, the court said. This would have reduced HBG's 1979 profit to F1.38m from F1.57m.

The business court ordered HBG to list any future losses

in a sign that the court did not take too severe a view of its methods. The loss on NOC was reported separately in its annual report for 1979.

Mr Pieter Lakeman, chairman of SOBI, described the court's treatment of liquidation losses as a “spectacular victory” and of great importance in influencing the accounting procedures of other companies. Mr Lakeman has challenged the accounts of a number of major companies in recent years but after initial successes has lost several recent cases.

HBG said it regretted the court decision but commented that the decision not to press it for new accounts for 1979 was

## Gottardo chief says more Swiss banks face probe

By JOHN WICKS IN ZURICH

**THE ITALIAN** authorities are understood to have gathered evidence for use in the prosecution of some 10 Swiss banks on charges of aiding illegal currency movements. This follows criminal proceedings brought recently in Rome against employees of Bank Leu and Banca del Gottardo.

Speaking at a Zurich Press conference, Dr Fernando Garzon, chairman of the Lugano-based Banca del Gottardo, said the Italian “finance police” had shadowed bank clients and employees in both Italy and Switzerland, tapping telephone conversations and taking photographs.

A Rome court is soon to pass

judgment on Gottardo manager Sig Lioneo Torri and his chauffeur, Sig Bruno Zappa, on charges of foreign-exchange offences. The Public Prosecutor has called for sentences of two years and 18 months, respectively.

In the same plea, sentences of two years and 18 months respectively, had also been called for against sub-managers Sig Fernando Osella and Sig Domenica Gregori of the Rome branch of Banco Ambrosiano.

He stressed that there had been no “organised links” between Banca del Gottardo and Banco Ambrosiano, which has a 45 per cent shareholding in Banca del Gottardo.

## Nixdorf lifts sales by 24%

By STEWART FLEMING IN FRANKFURT

**NIXDORF COMPUTER**, the rapidly expanding West German office equipment and business computer manufacturer, yesterday reported that its sales increased by 24 per cent to DM 1.63bn (\$812m) last year from the DM 1.36bn of 1980.

The company said that both at home and abroad its sales expanded, but that growth in its European markets was particularly strong. Orders at the beginning of 1982 were 16 per cent higher than a year ago.

The company, which for 1980 reported a 50 per cent decline in net profits to DM 42.3m, did not comment on its 1981 earnings. The fall in profits in 1980 was attributed to heavy costs associated with its expansion.

## New order inflow up sharply at MAN

By KEVIN DONE IN FRANKFURT

**MAN**, the West German commercial vehicles and mechanical engineering group, boosted the value of new orders won in the second half of 1981 by 36 per cent to almost DM 4.1bn as a result of booming business in foreign markets.

The company has also announced plans to raise DM 1.72m through a one-for-five rights issue. GMH, which owns 73 per cent of MAN, recently announced a rights issue of its own.

The value of foreign orders booked in the six months from July to December last year, the first half of MAN's current financial year, jumped by 32 per cent as a result of major foreign contracts.

It has won orders from South Africa for six steam turbines with a total capacity of 605 MW in a contract worth DM 650m, and MAN also led the German consortium which won orders worth \$420m for rolling stock and equipment for Venezuela.

Foreign business now accounts for no less than 77 per cent of the value of MAN's orders of around DM 7bn, a total which is 29 per cent higher than a year ago.

MAN's performance over the past six months reflects the continuing recession in the West German market, however, and domestic orders tumbled by 15 per cent from July to December compared with the corresponding period of 1980.

Sales of the MAN group rose by 15 per cent in the second half of 1981 to DM 2.73bn.

Sharply rising steel prices are hitting deeply into the company's profitability, but MAN appears confident of at least holding last year's dividend of DM 7 per share.

Kreditbank in German deal

**KREDIETBANK** of Belgium has acquired a controlling shareholding in Bauverleid Bremen which at the end of 1980 had a balance sheet totalling DM 383m ( \$164m). Kreditbank, which is number three in the Belgian banking league, intends to develop Bauverleid Eremen as a means of promoting Belgian business in Germany.

## IBM and MCA pull out of videodiscs

By RODERICK ORAM IN NEW YORK

**INTERNATIONAL BUSINESS MACHINES** and MCA, the U.S. entertainment company, have pulled out of their joint venture, selling their stake to Pioneer Electronic Corporation, their Japanese partner.

Pioneer will continue to make and sell videodisc players and records in competition with RCA of the U.S. and Philips of the Netherlands. But the retreat of IBM and MCA indicates the difficulty all three groups are having establishing their products against the competition of video tape recorders.

IBM said the basic reason for dropping the venture was that the market “did not develop as rapidly as we expected.”

IBM and MCA declined to disclose their investment in the venture or the price Pioneer paid for their stake. The investment, however, is thought to have been about \$100m compared with \$200m. RCA has achieved only a fraction of the

original target for the video-disc player sales.

IBM and MCA formed Discovision Associates in September 1979, taking a half share each. DVA in turn took a half share in Universal Pioneer (UP) with Pioneer of Japan as its partner.

DVA used a former MCA plant in California to manufacture discs while it imported the players from the Universal Pioneer plant in Kyoto, Japan.

DVA has closed its California plant and will also stop marketing the players and discs. DVA will survive with a small staff, however, to manage its patents and technology and the royalties it will receive from UP.

The California plant had produced more than 2m discs, DVA said.

While there is gloom about the long-term success of videodiscs for consumer entertainment, some industry analysts suggest the technology has some future for data storage and retrieval for office and factory use.

In the meantime, Chemical

## Chemical in pact on Florida bank plan

By DAVID LASCELLES IN NEW YORK CHEMICAL BANK of New York, and Florida National Bank yesterday reaffirmed their intention to merge and called down the terms, though a counter-bid from another Florida bank, Southeast Banking Corporation, is looming.

Yesterday's “definitive agreement” fleshed out details of a merger announced last year when the two banks agreed to when the two banks agreed to when current laws prohibiting interstate bank mergers are eased. Chemical believes these laws will be changed.

Under the terms, Chemical will pay \$42 per share of Florida National, or one and a half times book value, whichever is greater at the time of the merger. Today, that would give the deal a total value of about \$320m.

In the meantime, Chemical has bought \$20m of Florida National preferred stock with warrants to buy more shares later, and \$2m worth of further options. Florida National has assets of about \$2.4bn and is one of the largest banks in the state.

Mr George Whitter, Florida National's president, welcomed the deal and said the competing bid from Southeast was not in its banks' best interest. He said it would raise serious anti-trust and regulatory problems.

Southeast has negotiated to buy a large option on Florida National's stock owned by C. A. Cavendis, a Venezuelan company, which Chemical had hoped to acquire.

Mr Donald C. Platten, chairman of Chemical, said: “Our agreement demonstrates Chemical's desire for a strong partnership with Florida National—a partnership that will enhance the long-term profitability of both companies. It also enables Florida National to continue as a major force in the Florida market.”

## Thomson buys into TEAC in bid to expand in discs

PARIS—THOMSON-CSF, the French electronics group intends to acquire a 5 per cent stake in the Japanese electronics company, TEAC, in a bid to expand its videodisc activities.

Such a move—which would have to be approved by the French and Japanese authorities—would make Thomson the TEAC's biggest single shareholder.

It is also understood that Banque de Paris et Pays-Bas of

AP-DJ

## Schering to spend more

**SCHERING**, the West German chemical and pharmaceutical group, is raising worldwide capital spending by 20 per cent in 1982 to DM 264m (\$121.5m). Our Financial Staff writes.

Domestic spending will comprise 80 per cent of total capital outlays, or DM 155m, while foreign investments will total DM 109m. Schering said a breakdown of 1981 spending by foreign and domestic shares was not available. However, Schering's capital spending on its U.S. subsidiary will rise 54 per cent to DM 52.5m from about DM 34m in 1981.

The Berlex pharmaceutical subsidiary will receive funds to complete its headquarters building in Wayne, New Jersey as well as for research, development and expansion.

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## AMERICAN MARKETS

NEW YORK, February 5. The precious metals were mixed with silver and lead under pressure from commission house liquidation. Copper was firm on commission house buying. The livestock complex was mixed with support in cattle market. Gold was firm on firming in numbers of tightness in deliverable supplies and chart inspired buying, reported Heindel.

Potatoes (round white) — March 68.0-68.5 (\$8.00). Sales 10.9-11.5 (50.5). May 10.5-11.0 (50.5). Sales 9.5-9.9 (50.5).

Wheat (round white) — March 11.5-12.0 (50.5). Sales 11.5-12.5 (50.5). May 10.5-11.0 (50.5). Sales 10.5-11.0 (50.5). June 10.5-11.0 (50.5). Sales 10.5-11.0 (50.5).

LIVE STEER — March 11.5-12.0 (50.5). Sales 11.5-12.5 (50.5). May 10.5-11.0 (50.5). Sales 10.5-11.0 (50.5).

LIVE COW — March 11.5-12.0 (50.5). Sales 11.5-12.5 (50.5). May 10.5-11.0 (50.5). Sales 10.5-11.0 (50.5).

LIVE BEEF — March 11.5-12.0 (50.5). Sales 11.5-12.5 (50.5). May 10.5-11.0 (50.5). Sales 10.5-11.0 (50.5).

LIVE CALF — March 11.5-12.0 (50.5). Sales 11.5-12.5 (50.5). May 10.5-11.0 (50.5). Sales 10.5-11.0 (50.5).

LIVE GOAT — March 11.5-12.0 (50.5). Sales 11.5-12.5 (50.5). May 10.5-11.0 (50.5). Sales 10.5-11.0 (50.5).

LIVE PIG — March 11.5-12.0 (50.5). Sales 11.5-12.5 (50.5). May 10.5-11.0 (50.5). Sales 10.5-11.0 (50.5).

LIVE CHICKEN — March 11.5-12.0 (50.5). Sales 11.5-12.5 (50.5). May 10.5-11.0 (50.5). Sales 10.5-11.0 (50.5).

LIVE TURKEY — March 11.5-12.0 (50.5). Sales 11.5-12.5 (50.5). May 10.5-11.0 (50.5). Sales 10.5-11.0 (50.5).

LIVE DUCK — March 11.5-12.0 (50.5). Sales 11.5-12.5 (50.5). May 10.5-11.0 (50.5). Sales 10.5-11.0 (50.5).

LIVE GUINEA FOWL — March 11.5-12.0 (50.5). Sales 11.5-12.5 (50.5). May 10.5-11.0 (50.5). Sales 10.5-11.0 (50.5).

LIVE PHEASANT — March 11.5-12.0 (50.5). Sales 11.5-12.5 (50.5). May 10.5-11.0 (50.5). Sales 10.5-11.0 (50.5).

LIVE QUAIL — March 11.5-12.0 (50.5). Sales 11.5-12.5 (50.5). May 10.5-11.0 (50.5). Sales 10.5-11.0 (50.5).

LIVE TURTLE DUCK — March 11.5-12.0 (50.5). Sales 11.5-12.5 (50.5









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## FOOD, GROCERIES—Cont.

## BRITISH FUNDS

High Low Price + w Yield % Ret.

"Shorts" (Lives up to Five Years)

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## LOANS

## BANKS AND HIRE PURCHASE

## CHEMICALS, PLASTICS—Cont.

## ENGINEERING

## MACHINE TOOLS

## STOCK

## PRICES

## TICKERS

## NOTES

## COMMODITIES

## COTTON

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# FINANCIAL TIMES

Saturday February 6 1982

Cheverton  
Workboats

## MAN IN THE NEWS

### Changing the pilot at MSC

BY JOHN ELLIOTT

A RIGHT-WING property developer who has spent the last two years urging Ministers to sell off large chunks of the public sector to private enterprise would not seem the most obvious choice as the chairman of a tripartite commission dealing with the growing problems of unemployment.

Yet that is the background of Mr David Young, the 49-year-old whose appointment as chairman of the Manpower Services Commission in place of Sir Richard O'Brien has caused a political row. Mr Young (whose hobbies are sailing, fly fishing and playing with a home computer) has, in the eyes of union leaders at least, several wrong qualifications. He is rich, Conservative, a confidant of Sir Keith Joseph, and (until a few days ago) a director of Sir Keith's Centre for Policy Studies.

Mr Young insists that he believes in the MSC's tripartite approach of harnessing trade union co-operation to solve the problems of unemployment, skill shortages, and apprenticeships.

And his genuine concern is demonstrated by the major role he plays in Organisation for

## Schmidt wins confidence vote

BY JONATHAN CARR IN BONN

CHANCELLOR Helmut Schmidt of West Germany yesterday won a unanimous vote of confidence from the parliamentarians of his left-liberal coalition, after months of internal wrangling which threatened to undermine his authority.

In a Bundestag (lower parliamentary house) vote here, all 269 members of the Social Democrat (SPD) and Free Democrat (FDP) Government parties expressed their confidence in the Chancellor.

All 226 members of the Christian Democrat (CDU) and Christian Social Union (CSU) opposition parties voted against. Two non-party deputies refused to vote at all, describing the affair as a "meaningless show."

The Chancellor was con-

sidered certain to win the simple majority of 249 votes he needed. But it was felt possible that some left-wing members of the SPD, dissatisfied with Herr Schmidt's security and economic policies, might abstain.

In the event Herr Schmidt gained the best result he could have hoped for. One deputy recently badly injured, came in a wheelchair. Another had chicken pox, but insisted he was no longer contagious.

Herr Schmidt himself retorted on Wednesday that a confidence vote be held after exceptionally difficult—at times bad-tempered—negotiations between the SPD and FDP on a new employment programme.

However, in a short speech to the Bundestag yesterday the

Chancellor made it clear that he was linking the vote to his whole policy course abroad as well as at home.

He said, he thought it necessary for those in the East and the West to see that coalition support for the Government's foreign and security policy was as strong as ever. Those voters who put the SPD/FDP back into office in October 1980 had a right to be assured that the mandate would be respected in full.

With these comments, Herr Schmidt implicitly conceded that the bickering in the coalition over the past month had thrown the future of the Government itself into doubt.

The result of the vote is likely to strengthen not only

Herr Schmidt's personal position as government leader, but also both coalition parties as they go into four key provincial elections this year.

The result does not mean there will be no further criticism of the Chancellor's policies. There is certain, for example, to be a tough debate on Nato's nuclear strategy—and Herr Schmidt's support for this—at the SPD congress in Munich in April.

The opposition parties publicly discounted the vote of confidence in advance. The CSU leader, Herr Franz Josef Strauß, said Herr Schmidt was bound to win because the vote was "public" and the SPD and FDP want to keep their places at the state trough."

### McDonnell Douglas and Fokker drop joint project

By Charles Batchelor in Amsterdam and Paul Betts in New York

FOKKER, the Dutch aircraft group, and McDonnell Douglas of the U.S. said last night that they had pulled out of a joint project to develop and build a 150-seat airliner.

Fokker said the rapid decline of the commercial aircraft market in recent months convinced the two companies that they should withdraw before too much money was spent on the aircraft, code-named MDF-100.

McDonnell Douglas will continue design work on a 150-seat airliner and will also discuss joint venture possibilities with potential partners.

The decision not to go ahead was taken late on Thursday at McDonnell Douglas head office in St Louis.

Fokker said one of the conditions for launching the MDF-100 was the existence of sufficient

orders. Fokker has not yet 150 seats of its own money into the project and the Dutch Government has provided some financial support worth

The two aircraft makers agreed a memorandum of understanding in May 1980 and 500 engineers were working on the project at its peak.

McDonnell Douglas, which last week reported earnings of \$178.6m (£95m) on sales of \$7.45bn last year, recently said it did not expect any major improvement in the state of the airline business in the short term.

According to Fokker the decision to pull out would have no impact on its present workforce of 10,000. But the 2,500 jobs which the MDF-100 would have created will not materialise.

Michael Donne writes: The McDonnell Douglas/Fokker decision is a severe blow to those who had hoped to see a 150-seater emerging swiftly.

It now seems that only the European Airbus Industrie consortium remains enthusiastic, with its A-320 programme. Even this is still regarded sceptically by the British and West German governments.

Israeli fighter deal, Page 2

### National pay deals for seamen to end

BY JOHN LLOYD, LABOUR EDITOR

THE BRITISH shipping industry is to move away from centralised pay bargaining over the next few years, towards settlements by company and by sector.

The move could make national industrial action—such as the strikes and overtime bans mounted by the National Union of Seamen a year ago—much less likely.

Both sides in the industry appear to welcome the move. The NUS is already near to concluding a separate agreement with Esso, which operates 22 ships employing 500 ratings in the UK. Earlier this week the union's executive gave agreement in principle to the move towards separate deals.

The Esso agreement will also partially exempt the company from the effects of national strike action, on the understanding that the rates paid are considerably above the minimum set by the National Maritime Board.

A clause in the deal specifies that Esso will not normally be involved in national strike action. However, if the union decided it should be, it would be given seven days' notice and could appeal to the NUS

executive against the decision. Among other shipping lines which already have separate deals with the union are P & O and Cunard—though they have no clauses on exemption from industrial action.

An attempt was made during the last wage negotiations in November for one group in the industry—the small coastal lines—to come to a separate agreement with the unions because of particularly severe pressure. The move came too late and the coastal lines were included in the final settlement of 8 per cent for officers and ratings.

Officials of the General Council of British Shipping, the employers' body which conducts national level bargaining, believe national negotiations will continue for four or five years, then give way to company or sector bargaining.

They believe that some owners, such as the container lines, may wish to band together to offer common rates. Other companies may wish to be national corporate.

National wage agreements now cover 150 officers and 60,000 ratings. About 10,000 ratings employed on UK ships are not NUS nationals.

### Poland

Continued from Page 1

Union were threatened at a later date.

The Government had decided not to make available any credits for Poland. Mr Atkins said: "The effect of the move is to eliminate insurance cover by the Export Credits Guarantee Department from British exporters selling in Poland."

At the same time, the Government has frozen existing officially guaranteed credits. This means that £12m of credit left over from 1980 the Government agreed to support last year will no longer be available for the Polish purchase of UK foodstuffs and industrial raw materials.

The Government has qualified this measure, however, to the extent that British companies with contractual obligations will be safeguarded.

The decision to hold off official debt re-scheduling talks

will cost ECGD about £100m this year to meet guarantees to banks. Last year, in the wake of the re-scheduling agreement of the 1981 Polish debt, it had to make payments of £60m.

Other measures announced yesterday include the restriction of Polish officials to within 25 miles of their consulates in London and Glasgow, an increase in BBC Polish language broadcasts from 21 hours to 26 hours a week, and an end to further cheap EEC sales of food to the Polish Government.

Funds will be channelled instead to voluntary agencies in the UK which provide humanitarian aid to Poland.

Similar travel restrictions have been placed from today on Soviet diplomats, with a reduction in both Anglo-Soviet technical co-operation and the licensing of Soviet factory ships which buy fish caught in British waters.

Sir Freddie would like to thank the enormous support he has received from the public over the years, and hopes that with the demise of his airline the benefits gained for the ordinary traveller will not be lost.

The Laker collapse has not deterred the Government from its long term plan to privatise British Airways.

Mr Sproat said Laker Airways had made no approach to the Government for support in its problems until Thursday. "Then at lunchtime Sir Freddie telephoned me to tell me what the situation was."

I considered the possibilities under Section Eight of the Industry Act, and said with great reluctance that it was not appropriate." Section Eight deals with Government aid for bailing out companies in financial difficulties.

The Prime Minister and several Cabinet colleagues are understood to have met on Thursday following Sir Freddie's phone call.

Ministers present are believed to have included Sir Geoffrey Howe, the Chancellor, Mrs Sally Oppenheim, Mr Sproat and Mr Humphrey Atkins. Mrs Thatcher is believed to have been approached by a number of Tory MPs throughout the evening, all pressing for Government support for Laker Airways.

Several Cabinet Ministers who were not present at the

meeting are understood to be deeply upset by the collapse of Laker Airways and by the Government's decision not to help. They feel that Laker Airways epitomises much of what is positive in the Government's economic policies, and that a more robust have been done to back him.

A statement from the Clydesdale Bank last year referred any questions to the joint receivers, and said: "We cannot add anything to this information at the present time, except to say that after being banters to Sir Freddie Laker and his various companies for more than 30 years, we are very sad indeed that it has become necessary to take this step."

The Laker collapse was accompanied by tearful scenes at Gatwick and Manchester as staff, shocked by the news, tried to comfort each other and be passers-by.

By late yesterday the entire Laker fleet of three A-300s and 11 DC-10s was back in Britain. One of the DC-10s at Gatwick was impounded by the British Airports Authority as security against sums owing to the BAA—landling fees, parking charges and rents.

"If the receiver decided that he wanted the aircraft to fly, we would be prepared to talk about it," the authority said. The aircraft was towed away to a remote part of the apron on the orders of Mr Pat Bailey, Gatwick Airport's director.

In addition to the three Airbuses and 11 DC-10s, the airline had an outstanding order for another seven A-300 Airbuses. This is now expected to be cancelled.

### Sealink will continue Dieppe ferry

By Ivo Dawney, Labour Staff

SEALINK UK said last night that it was prepared to revoke its decision to pull out of the Newhaven-Dieppe cross-Channel ferry service. This follows concessions from its French partner SNCF, on the management of the route.

After several hours of talks with the French railway company in Paris yesterday Mr Len Merryweather, managing director of Sealink, called a meeting with seamen's unions on Monday to discuss working practices on the route.

The move is likely to be regarded as a vindication for the 240 officers and ratings who have occupied the 5,590-ton Sealink at Newhaven since the company announced its plans to withdraw from the service five weeks ago.

The crews were issued with redundancy notices after Sealink failed in three months of talks to persuade the French to introduce a newer and larger vessel. Last year the service lost £3m.

SNCF, which holds a two-thirds share in the business, had refused to alter the financing agreement under which Sealink was obliged to support the heavier losses of the two French ships.

It is believed that SNCF has now agreed to replace one of the smaller ferries with the modern 4,585-ton Chartres, at present on the short-haul Straits of Dover routes.

Neither company would elaborate on details of the deal last night, though Sealink said the position looked "much more optimistic."

Mr Sam McCluskie, assistant general secretary of the National Union of Seamen, described the moves as a "great victory."

Hopes for rail inquiry, Page 3

will cost ECGD about £100m this year to meet guarantees to banks. Last year, in the wake of the re-scheduling agreement of the 1981 Polish debt, it had to make payments of £60m.

Other measures announced yesterday include the restriction of Polish officials to within 25 miles of their consulates in London and Glasgow, an increase in BBC Polish language broadcasts from 21 hours to 26 hours a week, and an end to further cheap EEC sales of food to the Polish Government.

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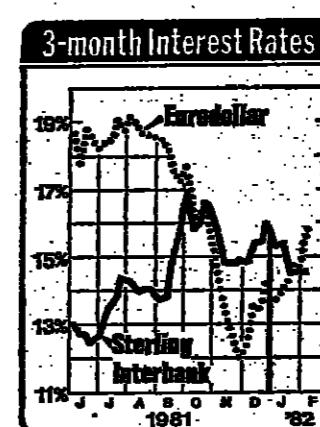
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## THE LEX COLUMN

### Why Laker ended in the drink

Index rose 3.3 to 578.1



forward cover on its currency risk.

Admittedly the loan was "secured" to the extent that Airbus Industrie had undertaken to pay the first 25 per cent of any loss. But that cushion looked increasingly less comfortable as the year wore on and the industry's problems multiplied. Moreover, it may well have encouraged the banks to be less accommodating than otherwise might have been the case.

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The move is likely to be regarded as a vindication for the 240 officers and ratings who have occupied the 5,590-ton Sealink at Newhaven since the company announced its plans to withdraw from the service five weeks ago.

Although the members of the lending syndicate are unlikely to lose much, if anything, the failure of a big consortium loan at such an early stage of its life is extremely embarrassing for Midland. Even allowing for hindsight, it is difficult to conceive how bankers were prepared to offer a facility which

Admittedly, Midland may well have felt under special pressure to make the loan available to Airbus Industrie, a UK customer, and it would have been a political blow if Laker had bought American. But it is hard to escape the conclusion that if the bankers had taken a more hard-nosed approach, yesterday's sad story might have been averted.

Two weeks running the gilt-edged market has bounced back from its weakness on Monday, which has in both cases been the result of disappointing US money supply figures. This time the markets on both sides of the Atlantic have been hoping for a bit of tail in U.S. M1; a further disappointment that threatened to send US rates higher again.

Hence the London markets, which had been hoping for a more robust recovery in the UK